MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 1993
John Engler, Governor
Prepared by
Department of Management and Budget

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

STATE OF MICHIGAN

FISCAL YEAR ENDED SEPTEMBER 30, 1993

Prepared By:

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STATE OF MICHIGAN

JOHN ENGLER, Governor
DEPARTMENT OF MANAGEMENT & BUDGET
P.O. BOX 30026, LANSING, MICHIGAN 48909
PATRICIA A. WOODWORTH, Director

The Honorable John Engler, Governor
Members of the Legislature
People of the State of Michigan

In compliance with Article 9, Section 21, of the State of Michigan Constitution and Michigan Public Act 431 of 1984, I am pleased to submit the Comprehensive Annual Financial Report of the State of Michigan for the fiscal year ended September 30, 1993.

INTRODUCTION TO THE REPORT

Responsibility: The Department of Management and Budget, Office of Financial Management, prepares this report and is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including disclosures. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and reported in a manner which fairly presents the financial position and results of operations of the State's various funds and account groups. All disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial affairs have been included.

Compliance with Accounting Standards: The financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as required by State statute. We also voluntarily follow the recommendations of the Government Finance Officers Association for the contents of government financial reports.

Method of Presentation: The term "Comprehensive Annual Financial Report" describes all of the data presented in this report. The report is divided into three major sections: introductory, financial, and statistical. The introductory section includes this letter, the State's organization chart, and the list of principal officials. The financial section includes: the "General Purpose Financial Statements," which combine funds and component units with similar accounting objectives in columns of fund types; the auditor's opinion on the General Purpose Financial Statements; and the supplemental financial data section, which includes the combining financial statements and schedules. The statistical section includes such items as trend information, information on debt levels, and other selected economic and statistical data.

Reporting Entity: The Governmental Accounting Standards Board has issued revised standards (Statement 14) which will affect both the determination of which organizations must be reported in the State's financial statements and how the information is presented. The State will be implementing this new Statement beginning with next year's report, when this change will be required. The State has not finalized its review of all potential component units under the new Statement 14 standards, but significant changes in the State's report are possible.

This year's report follows existing GAAP and includes all the funds and account groups of the State government including Executive Branch departments, the Legislature, and the State portion of the court system. Information is also provided for certain legally separate organizations which are not accounted for in the central accounting system but over which the State exercises, or has the ability to exercise, significant oversight. These organizations are referred to as "component units" and include the following organizations: State Building Authority, Michigan Higher Education Facilities Authority, Mackinac Bridge Authority, Michigan Unemployment Compensation Fund, Michigan State Hospital Finance Authority, Michigan Education Trust, Michigan Higher Education Student Loan Authority, Michigan Higher Education Assistance Authority, Mackinac Island State Park Commission, Michigan Strategic Fund, and Michigan State Housing Development Authority. In this report, we "blend" the statements for component units with those for the State's funds. Readers are also interested in information which excludes component units, therefore, we have presented details in the combining statements, schedules, and notes which permit the segregation of those amounts.

Organizations which are not considered component units under current GAAP criteria include the several public institutions of higher education and the portions of the court system which are considered to be local units of government.

ECONOMIC CONDITION AND OUTLOOK

As 1994 begins, the U.S. economic recovery continues. The Administration forecasts that the national economic recovery will continue through 1995. Stable interest rates, modest inflation and increased business and consumer confidence will help the economy to grow at a rate of about one-half the normal rate for an economic recovery.

Car and light truck sales will grow to 14.4 million vehicles in 1994, and 14.7 million vehicles in 1995, just below the levels recorded during 1985 through 1989. Consumer spending, and business and residential investment will grow moderately, while slow economic growth among our trading partners will limit U.S. exports. Unemployment rates will be slow to recover as worldwide competitive forces cause business to keep costs low and limit adding new workers.

Michigan employment is expected to grow, 53,000 jobs in 1994 (1.3%) and 58,000 jobs in 1995 (1.5%). In 1994, employment will surpass the previous peak recorded in 1990.

As the result of renewed state economic growth, the Administration projects that the Michigan unemployment rate will remain in step with the U.S. unemployment rate, declining to 6.6% for both 1994 and 1995. Personal income will grow 4.9 percent in 1994 and 5.5 percent in 1995. Inflation in Michigan will also be moderate, 2.7 percent in 1994 and 3.7 percent in 1995, resulting in small increases in purchasing power.

MAJOR INITIATIVES AND FUTURE PROJECTS

Financial Management System: The Department of Management and Budget is currently in the process of leading a major joint effort involving all State agencies to replace the current State financial management system. The mission of the Michigan Administrative Information Network (MAIN) Project is to develop, implement and operate a fully integrated, automated financial management system for the State of Michigan. The target date for implementing core functions is October 1, 1994.

The goal of the MAIN Project is to provide a comprehensive financial management system for the State that meets evolving user needs in an efficient, timely, and cost effective manner. Functions to be included in the system include accounting, payroll, purchasing, contracting, budgeting, personnel, and revenue management.

The system is expected to: 1) satisfy all common departmental and central accounting, purchasing, treasury and budgetary requirements; 2) provide comprehensive payroll and personnel support; 3) provide the framework and incentive to re-engineer the State's business processes to maximize efficiency, both centrally and for individual departments; 4) provide timely, complete, and accurate information to support decision makers; 5) improve inter- and intra-departmental communications and information sharing; and 6) reduce and eliminate paperwork.

School Quality and Financing Reform: As a result of legislative action in 1993, and a statewide referendum in 1994, the State is making major changes in the financing of local public schools. Most local property taxes, which had been the primary source of school financing, have been repealed. They have been replaced by other revenues with the principal replacement revenue being an increase in the sales tax. For an outline of these changes, please refer to Note #28 to the financial statement.

FINANCIAL INFORMATION

Internal Control Structure: The Department of Management and Budget is responsible for the overall operation of the State's central accounting and internal accounting control system. All appropriations and transactions (except for those of component units and the Accident Fund of Michigan) are recorded in the central accounting system, but many of the essential control features, such as payment voucher preparation, are decentralized. State statutes require each department to appoint an internal auditor and maintain adequate internal control systems. Each department is required to periodically report on the status of its internal accounting and administrative control systems and, if any material weaknesses exist, provide plans and a time schedule for addressing problem areas.

Budgetary Reporting and Control: For operating funds, P.A. 431 of 1984 requires the State to adhere to GAAP in calculating fund balance for budgetary purposes and also requires that the budgeted ending unreserved fund balance not be a deficit. If a deficit is incurred, the Constitution requires it to be addressed in the subsequent year's budget. If accounting principles change, the statute requires the State to also implement the change in its budgetary process.

The budgetary basis departs from GAAP only in ways that do not affect unreserved fund balance and that do not impact most revenue and expenditure line items. Appropriations for nearly all line items, therefore, are made on a basis consistent with GAAP which makes it possible for the State to use the central accounting system for both budgetary control and financial reporting. Two departures are the use of encumbrances, which GAAP does not require, and the timing of recording expenditures and liabilities for capital lease commitments on a "pay as you go" basis, rather than at lease inception. Compliance with the final updated budget for the annually budgeted operating funds is demonstrated in the budget to actual comparative statements, notes, and related supplementary schedules in this report.

Revenue Limits and Spending Requirements: State revenues under the Constitution are limited to a percentage of the State's personal income. The State Constitution requires that spending to local units be maintained at a level of not less than 41.61% of total State spending. The final calculations to determine compliance with these requirements for this fiscal year will not be completed until after this report is issued; however, the State is projected to have complied with both requirements.

Financial Highlights - General Governmental Functions: For the purpose of the following two tables and related discussions in this letter, the "General Governmental Functions" are considered to be the activities of the State's General and special revenue funds, excluding component units. These are the State funds most traditionally thought of as being the normal activities of the State:

Revenues (in millions):

Revenue Source	1992-93 Amount	Percent of Total	Change From 1991-92	Percentage Change
Personal Income Tax	$ 5,180.0	25.3%	$ 287.3	5.9%
Sales Tax	2,905.7	14.2	167.5	6.1
Single Business Tax	1,791.1	8.7	106.1	6.3
Other Taxes	2,989.5	14.6	73.2	2.5
Federal Revenues	5,831.6	28.4	542.1	10.3
Hospital Contributions	451.9	2.2	.3	.1
Other Revenues	1,367.6	6.7	251.3	22.5
Total	$20,517.4	100.0%	$1,427.9	7.5

Not included in the above table are "Other financing sources," which include resources provided by operating transfers from other fund types and component units ($685.1 million), bonds proceeds ($14.2) and capital lease fixed asset acquisitions ($18.3 million). The most significant sources of transfers are from the State Lottery ($432.1 million) and Liquor Purchase Revolving ($88.7 million) Funds.

The personal income tax and sales tax rates for the fiscal year remained unchanged at 4.6% and 4.0%, respectively. Changes in personal income and sales tax revenues are, therefore, related to economic conditions. Under the new constitutional provisions of the ballot proposal passed by State voters on March 15, 1994, the sales tax rate will increase to 6% effective May 1, 1994. By statute, the income tax rate will be decreased to 4.4%.

Federal revenue increases are primarily attributable to growth in revenues from the federal Department of Health and Human Services ($4,129.7 million). Health and welfare programs account for approximately 71% of federal revenues.

The hospital contributions line represents a program whereby hospitals contribute toward expenditures provided under the Medicaid program.

Other revenues include local ($435.1 million), services ($110.5 million), licenses and permits ($302.5 million), investment income ($38.3 million), child support recoveries ($164.5 million), and other miscellaneous sources ($316.8 million).

Expenditures (in millions):

Current, Capital Outlay, and Intergovernmental Expenditures by Function (GAAP Basis)	1992-93 Amount	Percent of Total	Change From 1991-92	Percent Change
Current:				
General government	$ 906.3	4.3%	$ (29.2)	(3.1)%
Education	5,656.8	26.9	315.6	5.9
Health and welfare	6,967.2	33.2	757.8	12.2
Public safety & corrections	1,298.6	6.2	109.4	9.2
Conservation, recreation, & agriculture	367.7	1.8	10.0	2.8
Labor, commerce & regulatory	590.3	2.8	(7.1)	(1.2)
Mental health	1,371.0	6.5	66.3	5.1
Transportation	1,240.3	5.9	65.5	5.6
Tax expenditures	975.2	4.6	10.5	1.1
Capital outlay (including highways)	538.6	2.6	20.9	4.0
Intergovernmental - revenue sharing	1,063.6	5.1	107.5	11.2
Debt service - capital lease payments	39.3	.2	(8.2)	(17.3)
Total Current, Capital Outlay, and Intergovernmental	$21,014.9	100.0%	$1,418.9	7.2

General government expenditures include operations of the legislative and judicial branches and the executive branch functions within the Departments of Management and Budget, Attorney General, Civil Rights, Civil Service, State, and Treasury.

School Aid Fund expenditures for grants to local school districts and for contributions to the Public School Employees' Retirement Fund were $3,394.3 million. Contributions from the General Fund increased $236.7 million, financing most of the $265.6 growth in expenditures. Under the recent school finance reform changes, the amount of State funds going to local schools in future years will grow significantly. This reform restructures school financing by reducing local taxes, raising state taxes and establishing a basic foundation grant system to finance schools.

Health and welfare expenditures include operations of the Departments of Social Services and Public Health. Expenditure increases are primarily attributable to higher costs, largely in the medical care area. The inflation rate in the Medicaid program, while still high, has been significantly reduced. This is largely attributable to the increase in the number of recipients using managed care programs. Approximately 70% of the funding for these programs is from restricted revenue sources, including federal grants and hospital contributions.

Corrections expenditures and prison inmate population continue to increase, but at a much lower rate than in the 1980's. The State has responded to the increases by instituting various cost saving measures including measures to reduce overtime charges, double bunking where appropriate, expansion of alternatives to incarceration, and hiring only those staff absolutely necessary for operations.

Transportation expenditures for other than capital outlay projects increased because of higher expenditures in the State Trunkline Fund.

Tax expenditures represent refundable income tax credit programs, the largest of which is the homestead property tax credit. As a direct result of the large property tax reduction, this expenditure item will decrease in fiscal year 1994-95.

Capital outlay expenditures primarily reflect State Trunkline highway expenditures which amounted to $513.4 million, compared to $488.5 million last year.

General Fund Unreserved Fund Balance: The unreserved General Fund fund balance was $26.0 million at year-end. The deficit was $310.4 million at September 30, 1990 and $169.4 million at September 30, 1991 and exactly zero at September 30, 1992. By statute, any ending unreserved fund balance in excess of $26.0 million, was to be deposited to the Budget Stabilization Fund, so $282.6 million was transferred. During the year, executive orders were used to avoid a projected deficit and spending was again closely controlled to avoid overexpenditures. A major objective of this administration has been to improve financial management and eliminate chronic overspending and this is being accomplished. In fiscal year 1992-93, no department had net budget overexpenditures, the first such performance by the State in 15 years.

General Fund revenues and other financing sources (including restricted sources) totalled $16,891.0 million and expenditures and other uses totalled $17,120.6 million. Fund balance reserves in the General Fund, which include budgetary carry-forwards and reserves for long-term assets and loan programs, decreased from $826.6 million to $570.7 million. Restricted revenue reserves decreased $245.9 million; reserves for multi-year appropriations for capital outlay and work projects decreased by $39.1 million; reserves for noncurrent assets increased $34.5 million. The decrease in restricted revenue carry-forward was attributable to a change in how tax credits are appropriated.

Proprietary Fund Operations: The State controls the wholesale distribution of alcoholic beverages through the Liquor Purchase Revolving Fund. Profits of $73.3 million were transferred to the General Fund during fiscal year 1992-93.

State Lottery Fund operating revenues increased $36.4 million to $1,275.8 million. Net income from lottery operations (after prizes and other costs) transferred to the School Aid Fund, however, decreased $46.4 million to $427.6 million because of higher prize award expenses.

The Accident Fund of Michigan provides workers' compensation coverage to many private employers. It ended the fiscal year with total assets of $992.0 million, liabilities and deferred revenues of $874.6 million, and retained earnings of $110.6 million. The Fund reported operating income of $57.9 million during the year. Legislation has been passed authorizing the sale of the Fund and this is expected to occur during 1994.

The State Sponsored Group Insurance Fund accounts for the State's self-insurance for employee benefit programs. The fund had net income of $3.0 million during the year and ended the year with total assets of $177.5 million, liabilities and deferred revenues of $199.9 million, and a retained earnings deficit of $22.4 million.

The State Water Pollution Control Loan Fund assists other governmental units in financing water quality improvement projects. In addition to directly financing projects, as in the past, the Fund now has a program to subsidize and leverage borrowings financed by the Michigan Municipal Bond Authority. As of September 30, 1993, the total contributed capital of the Fund was $236.0 million, of which $162.2 million was provided by the federal government and $73.8 million through State bonding and other contributions.

Pension Plans: The State Constitution requires the State to provide current funding of plan benefits and statutes provide for the amortization of unfunded prior service costs. In four of the seven plans, the statutes contain an additional safeguard whereby a shortfall in the legally required contributions will be corrected in succeeding fiscal years. As a result of these measures, the State's pension systems' funding levels remain strong and the amounts of unfunded obligations are appropriately managed.

The net assets (for valuation purposes) available for pension benefits in State pension funds increased by $2.2 billion to $22.8 billion at September 30, 1993. The latest actuarial valuation of the two largest funds, the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS), were prepared as of September 30, 1993. The PSERS had net assets (for valuation purposes) of $17.0 billion versus a pension benefit obligation of $21.7 billion at September 30, 1993. The SERS had net assets (for valuation purposes) of $5.0 billion versus a pension benefit obligation of $5.6 billion at September 30, 1993.

Component Units' Operations: The State Building Authority, which is reflected in the special revenue, capital projects, and debt service fund types, has financed several major university and State building projects. Authority bonding is also being used to finance local community college building projects and to finance State equipment acquisitions, when more economical than long-term leasing. Bonds outstanding total $1,453.1 million, with $109.5 million currently available in debt service funds for debt redemption.

The Michigan Unemployment Compensation Fund, which is reported as an expendable trust fund, ended the year with a fund balance of $563.3 million, an increase of $427.9 million. Tax revenues during the year were relatively constant at $1,214.1 million, while expenditures decreased $320.7 million to $1,714.2 million. Of special note for the 1992-93 fiscal year is that the federal advances resulting from prior years' borrowings have all been repaid.

The largest proprietary type component unit is the Michigan State Housing Development Authority, which helps finance various housing programs. The authority had bonds payable of $2,282.4 million outstanding as of September 30, 1993.

The Michigan Education Trust (MET) is designed to provide future tuition at State public colleges and universities. As of September 30, 1993, MET had total assets of $534.1 million, most of which has been invested in corporate bonds and preferred stocks. Because the federal government considers MET to be a taxable entity (a position the State disputes), investments in preferred stocks provide a tax advantage.

The MET's actuarial present value of future tuition benefits payable has been determined to be $479.6 million, which means that MET is actuarially sound if the assumptions used are valid. Key actuarial assumptions are: an investment rate of return of 8.9% on current investments and 7.0% on reinvestment of income; projected tuition increase of 8.13% through 1999 and 7.3% for subsequent years; a 35% income tax rate; and, an ongoing program of new enrollments. Because MET is an innovation and there have been no new enrollment periods in recent years, however, there is a greater than usual degree of uncertainty involved with these assumptions.

Debt Management: The State's level of general obligation debt decreased by $2.1 million to $395.0 million. New general obligation bond issues totalled $14.1 million, accretion on capital appreciation bonds totalled $3.2 million, and payments on principal totalled $19.3 million.

The State retains a high credit rating. Michigan's general long-term obligations are rated A1 by Moody's, AA by Standard & Poor's, and AA by Fitch.

Revenue dedicated bonded debt, which is primarily transportation related, decreased by $14.8 million to $780.5 million during 1992-93, as no new bonds were issued during the year.

Cash Management: The State Treasurer maintains the State's common cash pool, which is used by most State funds for short-term investment and to provide centralized control over disbursements. The total amount of pooled cash, which is primarily invested in prime commercial paper, amounted to $1,854.1 billion at September 30, 1993, a substantial improvement from $1,696.4 billion at September 30, 1992. This improvement is the result of stronger revenue growth, spending constraints and improved collection practices.

In February of fiscal year 1992-93, the State issued $900 million in short-term general obligation notes to assist in managing cash flows. Such borrowings are limited by the State Constitution to 15% of undedicated State revenue, or approximately $1.0 billion. The Constitution also requires that such borrowings be repaid before year-end. Because of strong revenue collections and other actions taken to improve the State's cash position, no such short-term notes have been issued in 1993-94, nor are there any plans to do so during the fiscal year.

OTHER INFORMATION

Risk Management: The State's risk management division was established within the Department of Management and Budget in 1987 to improve the State's risk control policies and procedures. The division activities include analysis of and control over insurance coverage and risk exposure and the planning and implementing of a statewide safety and health policy and program. All types of risk and insurance coverage are currently under review and State practices will likely change in the future. Currently, however, the State is self-insured for many types of general liability and property losses.

Audits: The principal auditor of the State's reporting entity is the legislative Office of the Auditor General. Their examination was conducted in accordance with generally accepted auditing standards (GAAS), and their opinion precedes the General Purpose Financial Statements. In addition to the annual audit of the State's General Purpose Financial Statements, the Office of the Auditor General performs periodic financial and expanded scope audits of the various State agencies. Outside accounting firms are also frequently used, particularly for the audits of separately issued component unit financial statements, such as those for the major financing authorities, the larger pension funds, and the Michigan Unemployment Compensation Fund. The Auditor General, as the State's principal auditor, also has primary responsibility for federal Single Audit Act coverage and this work is generally reported at the department or authority level.

Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Michigan for its Comprehensive Annual Financial Report for the year ended September 30, 1992. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Michigan has received a Certificate of Achievement for the last 6 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

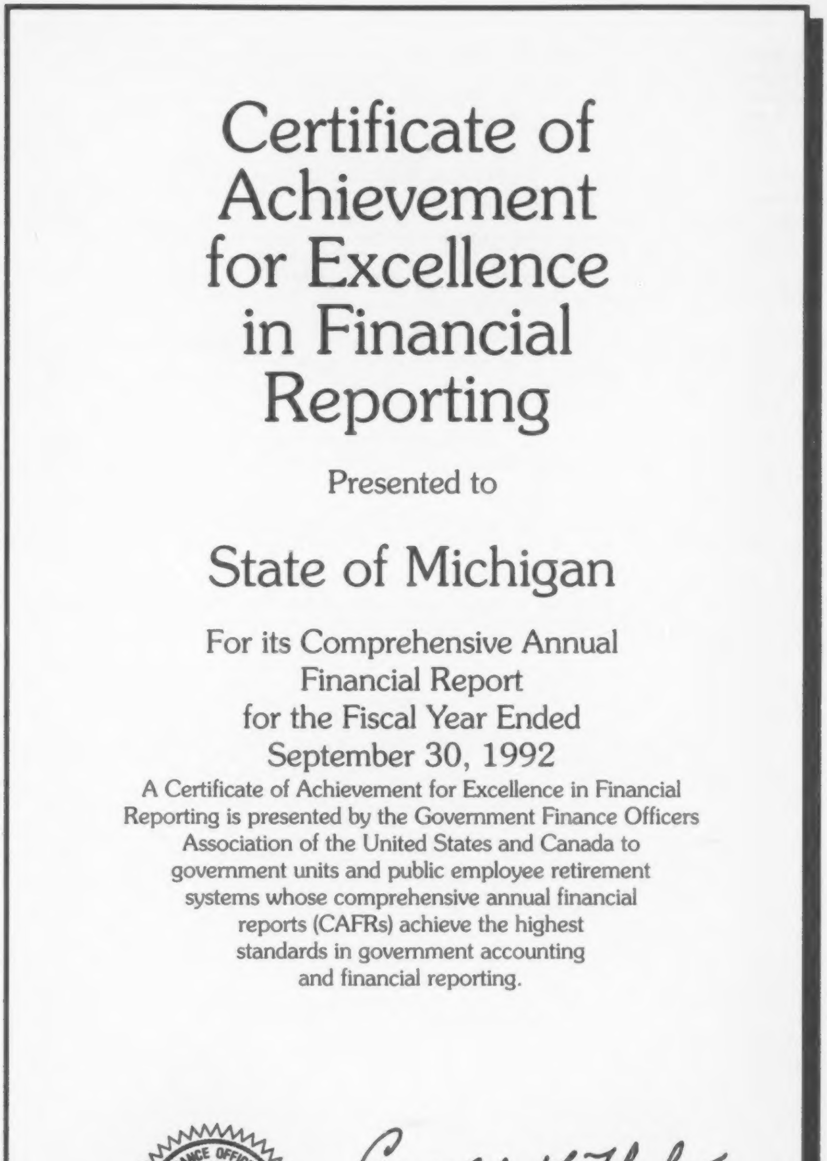
Acknowledgements: I wish to express my appreciation to the many people whose dedicated efforts made possible the preparation of this report. I believe their combined efforts have produced a report that will enable government decision makers and concerned citizens to better understand and evaluate the State's financial condition.

Sincerely,

Patricia A. Woodworth

Patricia A. Woodworth
Director

March 16, 1994



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Michigan

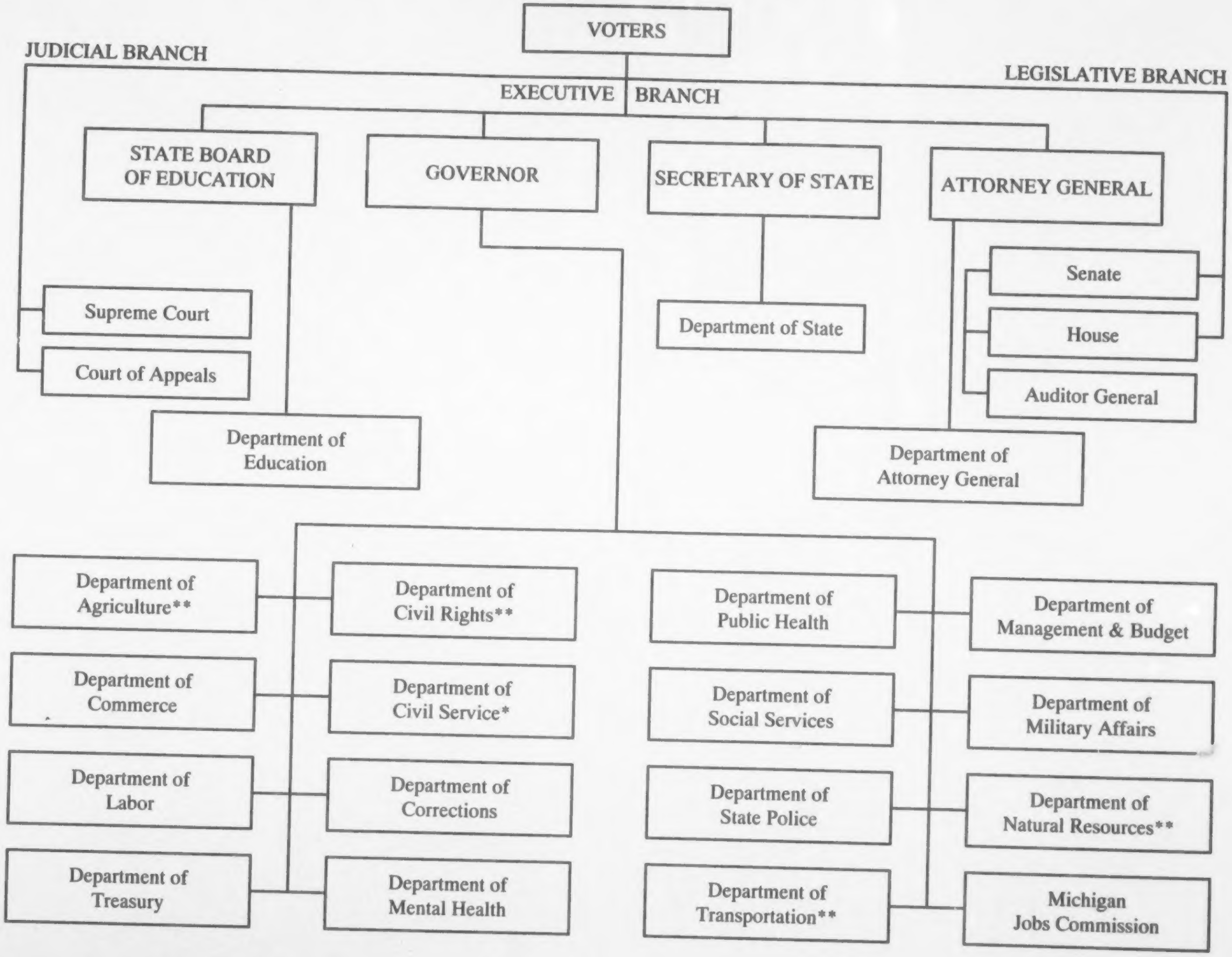
For its Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 1992

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Arnold G. Holz
President

Jeffrey L. Esser
Executive Director

STATE OF MICHIGAN ORGANIZATIONAL STRUCTURE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Department of Agriculture**
Department of Civil Rights**
Department of Public Health
Department of Management & Budget
Department of Commerce
Department of Civil Service*
Department of Social Services
Department of Military Affairs
Department of Labor
Department of Corrections
Department of State Police
Department of Natural Resources**
Department of Treasury
Department of Mental Health
Department of Transportation**
Michigan Jobs Commission

*Have Commission appointed by Governor

**Have Commission appointed by Governor, confirmed by Senate

STATE OF MICHIGAN

PRINCIPAL STATE OFFICIALS

JUDICIAL BRANCH

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Thomas H. McTavish
Legislative Auditor General

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  Rita M. Reid
  John A. Spero
Gordon Guyer, Director, Department of Agriculture

Civil Rights Commission
  Hatim A. Attalla
  Sondra L. Berlin
  Evelyn Crane
  Archie L. Hayman
  Richard D. Letts
  Arthur J. Lombard
  Edgar L. Vann, Jr.
  Fransisco J. Villarruel
Nanette Lee Reynolds, Director
Department of Civil Rights

Civil Service Commission
  Rae Lee Chabot
  Laurence B. Deitch
  Peter H. Ellsworth
  Robert P. Young, Jr.
Martha Bibbs, Director, Department of Civil Service

Arthur E. Ellis, Director, Department of Commerce

Kenneth L. McGinnis, Director, Department of Corrections

Lowell W. Perry, Director, Department of Labor

Patricia A. Woodworth, Director, Department of
Management and Budget

James K. Haveman, Jr., Director
Department of Mental Health

Doug Rothwell, Chief Executive Officer
Michigan Jobs Commission

Major General E. Gordon Stump, Director
Department of Military Affairs

Natural Resources Commission
  Jerry C. Bartnik
  Larry DeVuyst
  Paul Eisele
  James P. Hill
  David Holli
  Joey M. Spano
  Jordan B. Tatter
Roland Harmes, Director, Department of
Natural Resources

Vernice Davis Anthony, Director
Department of Public Health

Gerald H. Miller, Director
Department of Social Services

Col. Michael D. Robinson, Director
Department of State Police

Transportation Commission
  Robert M. Andrews
  Jack L. Gingrass
  John C. Kennedy
  Barton W. LaBelle
  Irving J. Rubin
  Richard T. White
Patrick M. Nowak, Director
Department of Transportation

Douglas B. Roberts, State Treasurer

STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report

The Honorable John M. Engler, Governor
Members of the Legislature

March 16, 1994

We have audited the accompanying general purpose financial statements of the State of Michigan principally as of September 30, 1993 and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Michigan Employment Security Act - Administration Fund, the Michigan Higher Education Facilities Authority, the Mackinac Bridge Authority, the State Park Revenue Bond Fund, the State Lottery Fund, the Low-Level Radioactive Waste Authority, the Accident Fund of Michigan, the Michigan Higher Education Student Loan Authority, the Michigan Higher Education Assistance Authority, the Mackinac Island State Park Commission, the Michigan Strategic Fund, the Michigan State Housing Development Authority, the State Water Pollution Control Loan Fund, the Michigan Unemployment Compensation Fund, the Michigan Employment Security Act Contingent Fund, the State Employees' Retirement Fund, the Public School Employees' Retirement Fund, and the Municipal Employees' Retirement Fund. Those financial statements reflect total assets and revenues constituting 1% and 4% of the assets and revenues, respectively, of the special revenue funds; 0% and 3% of the assets and revenues, respectively, of the debt service funds; 90% and 75% of the assets and operating revenues, respectively, of the enterprise funds; 47% and 1% of the assets and operating revenues, respectively, of the internal service funds; 62% and 86% of the assets and revenues, respectively, of the expendable trust funds; 97% and 97% of the assets and revenues, respectively, of the pension trust funds; and 2% of the general fixed assets account group. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units and funds, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe our audit and the reports of other auditors provide a reasonable basis for our opinion.

STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The Honorable John M. Engler, Governor
Members of the Legislature
Page 2

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Michigan principally as of September 30, 1993 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in Note 4, the State changed its method of funding income tax expenditures in the General Fund and its method of reporting permanent investments in the Michigan Natural Resources Trust Fund. Also, the State adopted Governmental Accounting Standards Board Statement 21 for reporting liabilities and interfund transfers relating to escheat property in the Miscellaneous Trust Accounts Fund.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the foregoing table of contents, which are also the responsibility of the State's management, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Michigan. This information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents were not audited by us and, accordingly, we express no opinion on them.

Sincerely,

Thomas H. McTavish

Thomas H. McTavish, C.P.A.
Auditor General

STATE OF MICHIGAN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
SEPTEMBER 30, 1993
(In Thousands)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS				
Current Assets:				
Cash	$ 23,613	$ 3,948	$ 44,544	$ 2,298
Equity in Common Cash (Note 5)	-	1,107,837	6	10,520
Taxes, interest, and penalties receivable (Note 6)	1,000,405	182,286	-	-
Amounts due from other funds (Note 20)	117,840	246,350	-	11,444
Amounts due from federal agencies	688,153	88,419	-	129
Amounts due from local units	245,899	68,681	-	-
Inventories	24,341	10,293	-	-
Investments (Note 8)	-	27,582	42,307	27,179
Other current assets	200,020	22,137	661	183
Total Current Assets	2,300,271	1,757,532	87,518	51,753
Taxes, interest, and penalties receivable (Note 6)	41,265	4,160	-	-
Advances to other funds (Note 20)	8,879	1,347	-	-
Amounts due from federal agencies	2,259	-	-	-
Amounts due from local units	110,032	75,027	-	-
Mortgages and loans receivable (Note 9)	-	-	-	-
Investments (Note 8)	-	31,929	23,731	-
Property, plant and equipment (Note 10)	-	-	-	-
Other noncurrent assets	12,775	4,117	-	-
Amount available for retirement of bonds	-	-	-	-
Amount to be provided for bond retirement	-	-	-	-
Amounts to be provided for other long-term obligations	-	-	-	-
Total Assets	$ 2,475,480	$ 1,874,112	$ 111,250	$ 51,753
LIABILITIES, FUND EQUITY, AND OTHER CREDITS				
Current Liabilities:				
Warrants outstanding	$ 116,931	$ 22,995	$ -	$ 2,634
Accounts payable and other liabilities	1,260,286	358,528	1,266	6,373
Income tax refunds payable (Note 16)	242,627	-	-	-
Amounts due to other funds (Note 20)	177,440	160,053	290	14,335
Bonds and notes payable (Note 15)	-	95,695	-	31,823
Interest payable	-	401	-	-
Deferred revenue	28,259	28,560	-	-
Total Current Liabilities	1,825,543	666,232	1,556	55,166
Long-Term Liabilities:				
Advances from other funds (Note 20)	-	21,999	-	-
Prize awards payable (Note 17)	-	-	-	-
Deferred revenue	53,234	18,832	-	-
Bonds and notes payable (Notes 14 and 15)	-	-	-	-
Other long-term liabilities (Notes 14, 18, and 19)	-	1,025	200	140
Total Liabilities	1,878,777	708,088	1,756	55,306
Fund Equity and Other Credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital (Note 22)	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-
Reserved retained earnings (Note 23)	-	-	-	-
Unreserved retained earnings (Note 23)	-	-	-	-
Reserved fund balance (Note 24)	570,704	631,424	-	8,658
Unreserved fund balance (deficit) (Note 24)	26,000	534,601	109,494	(12,211)
Total Fund Equity and Other Credits	596,704	1,166,025	109,494	(3,553)
Total Liabilities, Fund Equity, and Other Credits	$ 2,475,480	$ 1,874,112	$ 111,250	$ 51,753

The accompanying notes are an integral part of the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTALS (MEMORANDUM ONLY)
$ 203,953	$ 1,843	$ 3,892	$ -	$ -	$ 284,092
82,007	145,009	494,173	-	-	1,839,551
-	-	145,159	-	-	1,327,849
4,066	3,382	3,323	-	-	386,405
14,274	430	30,387	-	-	821,791
-	3,918	84,693	-	-	403,191
26,252	16,661	-	-	-	77,547
617,366	5,129	4,873,384	-	-	5,592,948
303,787	16,480	302,536	-	-	845,803
1,251,704	192,852	5,937,547	-	-	11,579,177
-	-	-	-	-	45,425
9,240	32,987	29	-	-	52,482
-	-	-	-	-	2,259
-	130,911	5,044	-	-	321,014
2,077,214	-	-	-	-	2,077,214
2,654,264	45,552	20,464,161	-	-	23,219,638
53,659	59,686	12	2,782,507	-	2,895,865
54,623	50,432	584,547	-	-	706,494
-	-	-	-	109,494	109,494
-	-	-	-	2,517,852	2,517,852
-	-	-	-	1,309,313	1,309,313
$ 6,100,705	$ 512,420	$ 26,991,340	$ 2,782,507	$ 3,936,658	$ 44,836,227
$ 3,158	$ 974	$ 15,933	$ -	$ -	$ 162,624
418,262	80,741	731,270	-	-	2,856,726
-	-	-	-	-	242,627
21,642	2,227	10,174	-	-	386,162
351,628	123	-	-	-	479,268
36,316	-	-	-	-	36,717
96,008	76,566	22,021	-	-	251,413
927,013	160,630	779,398	-	-	4,415,538
9,240	19,678	1,566	-	-	52,482
766,297	-	-	-	-	766,297
-	-	326	-	-	72,393
2,469,569	-	-	-	2,627,346	5,096,914
1,305,090	59,902	2,181,703	-	1,309,313	4,857,374
5,477,209	240,211	2,962,994	-	3,936,658	15,260,999
-	-	-	2,782,507	-	2,782,507
9,838	245,780	-	-	-	255,618
43,511	-	-	-	-	43,511
205,433	-	-	-	-	205,433
364,714	26,429	-	-	-	391,143
-	-	23,064,070	-	-	24,274,855
-	-	964,276	-	-	1,622,160
623,496	272,210	24,028,346	2,782,507	-	29,575,228
$ 6,100,705	$ 512,420	$ 26,991,340	$ 2,782,507	$ 3,936,658	$ 44,836,227

STATE OF MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
REVENUES			
Taxes	$ 9,739,579	$ 3,126,726	$ -
From federal agencies	5,169,652	661,922	-
From local agencies	398,892	36,178	-
From services	110,262	344	-
From licenses and permits	159,656	150,189	167
Hospital contributions	451,910	-	-
Miscellaneous	412,375	108,907	7,224
Total Revenues	16,442,327	4,084,266	7,392
EXPENDITURES			
Current:			
General government	803,781	102,505	454
Education	2,258,271	3,436,338	-
Health and welfare	6,963,072	4,144	-
Public safety and corrections	1,298,270	355	-
Conservation, recreation, and agriculture	303,306	64,382	-
Labor, commerce, and regulatory	437,995	152,287	-
Mental health	1,370,988	-	-
Transportation	-	1,247,162	-
Tax expenditures (Note 16)	975,200	-	-
Capital outlay	12,128	526,520	-
Intergovernmental - revenue sharing	1,063,608	-	-
Debt service:			
Bond principal retirement	-	-	209,448
Bond interest and fiscal charges	-	-	141,413
Capital lease payments (Note 13)	37,952	1,327	-
Total Expenditures	15,524,571	5,535,019	351,316
Excess of Revenues over (under) Expenditures	917,756	(1,450,753)	(343,924)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond and bond anticipation note issues	-	58,641	-
Proceeds from refunding bond issue	-	-	499,669
Payment to refunded bond escrow agent	-	-	(483,469)
Capital lease acquisitions	18,191	114	-
Operating transfers in	430,450	2,453,636	248,550
Operating transfers out	(1,595,984)	(938,848)	(2,099)
Total Other Financing Sources (Uses)	(1,147,342)	1,573,541	262,651
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(229,587)	122,789	(81,273)
Fund Balances - Beginning of fiscal year - as previously reported	826,579	1,061,250	190,776
Effect of accounting changes (Note 4)	-	-	-
Fund Balances - Beginning of fiscal year - restated	826,579	1,061,250	190,776
Equity transfers from other funds (Note 22)	-	593	
Equity transfers to other funds (Note 22)	(289)	(18,607)	(9)
Fund Balances - End of fiscal year	$ 596,704	$ 1,166,025	$ 109,494

The accompanying notes are an integral part of the financial statements.

GOVERNMENTAL FUND TYPE	FIDUCIARY FUND TYPE	
CAPITAL PROJECTS	EXPENDABLE TRUST	TOTALS (MEMORANDUM ONLY)
$ -	$ 1,214,149	$ 14,080,454
652	757,757	6,589,984
-	18,901	453,971
-	-	110,606
-	-	310,013
-	-	451,910
1,697	525,498	1,055,702
2,349	2,516,305	23,052,640
-	46,192	952,933
-	15	5,694,623
-	609	6,967,826
-	-	1,298,625
-	-	367,688
-	1,754,367	2,344,649
-	6,080	1,377,067
-	120,352	1,367,514
-	-	975,200
60,345	-	598,993
-	-	1,063,608
-	-	209,448
-	-	141,413
-	-	39,279
60,345	1,927,614	23,398,866
(57,996)	588,691	(346,227)
16,096	-	74,737
-	-	499,669
-	-	(483,469)
-	-	18,304
13,620	5,882	3,152,138
(13,979)	(93,911)	(2,644,821)
15,737	(88,029)	616,558
(42,259)	500,661	270,332
38,706	469,602	2,586,913
-	(5,988)	(5,988)
38,706	463,614	2,580,925
-	-	593
-	-	(18,906)
$ (3,553)	$ 964,276	$ 2,832,945

STATE OF MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	GENERAL FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ 9,621,349	$ 9,739,579	$ 118,230
From federal agencies	5,202,919	5,169,652	(33,267)
From local agencies	402,731	398,892	(3,839)
From services	117,729	110,262	(7,467)
From licenses and permits	152,955	159,656	6,702
Hospital contributions	451,551	451,910	359
Miscellaneous	438,671	412,375	(26,296)
Operating transfers in	404,439	430,450	26,011
Total Revenues and Other Sources	16,792,343	16,872,778	80,434
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Legislative	129,520	123,058	6,461
Judicial	165,441	165,389	52
Executive Office	4,376	4,330	46
Management and Budget	574,465	563,247	11,218
Attorney General	35,128	35,010	117
Civil Rights	12,993	12,718	275
Civil Service	24,560	23,065	1,495
State	129,568	128,107	1,461
Treasury	2,285,378	2,280,550	4,829
Education	1,897,934	1,897,310	624
Grants to Colleges and Universities	1,449,215	1,449,206	9
Public Health	460,098	459,137	962
Mental Health	1,395,596	1,382,287	13,308
Social Services	6,546,180	6,537,333	8,848
Corrections	1,016,764	1,001,088	15,676
Military Affairs	65,638	65,410	228
State Police	260,135	256,331	3,805
Transportation	-	-	-
Commerce	190,152	188,893	1,258
Labor	176,040	175,094	945
Natural Resources	275,216	271,013	4,203
Agriculture	52,094	50,905	1,189
Michigan Jobs Commission	87,933	87,714	219
Total Expenditures, Operating Transfers Out, and Encumbrances	17,234,424	17,157,196	77,229
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (442,081)	(284,418)	$ 157,663
Reconciling Items (Note 3):			
Encumbrances at September 30		54,832	
Funds not annually budgeted		-	
Net Reconciling Items		54,832	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(229,587)	
FUND BALANCES			
Beginning balances		826,579	
Equity transfers from other funds		-	
Equity transfers to other funds		(289)	
Ending balances (GAAP Basis)		$ 596,704	

The accompanying notes are an integral part of the financial statements.

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ 3,139,900	$ 3,126,726	$ (13,174)	$ 12,761,249	$ 12,866,305	$ 105,056
444,560	490,394	45,834	5,647,479	5,660,046	12,568
34,286	34,241	(45)	437,017	433,133	(3,884)
282	282	-	118,010	110,543	(7,467)
142,857	142,824	(33)	295,812	302,481	6,668
-	-	-	451,551	451,910	359
81,231	87,690	6,459	519,902	500,065	(19,837)
2,054,183	2,408,359	354,175	2,458,622	2,838,809	380,187
5,897,300	6,290,516	393,216	22,689,643	23,163,294	473,650
-	-	-	129,520	123,058	6,461
-	-	-	165,441	165,389	52
-	-	-	4,376	4,330	46
111,645	104,939	6,707	686,111	668,186	17,925
-	-	-	35,128	35,010	117
-	-	-	12,993	12,718	275
-	-	-	24,560	23,065	1,495
-	-	-	129,568	128,107	1,461
-	-	-	2,285,378	2,280,550	4,829
3,405,559	3,410,342	(4,783)	5,303,492	5,307,652	(4,159)
-	-	-	1,449,215	1,449,206	9
-	-	-	460,098	459,137	962
-	-	-	1,395,596	1,382,287	13,308
1,974	1,136	838	6,548,155	6,538,469	9,686
-	-	-	1,016,764	1,001,088	15,676
-	-	-	65,638	65,410	228
-	-	-	260,135	256,331	3,805
2,333,883	2,250,919	82,964	2,333,883	2,250,919	82,964
1,216	1,122	94	191,368	190,015	1,353
172,776	171,344	1,432	348,816	346,438	2,378
126,945	113,957	12,988	402,161	384,970	17,191
-	-	-	52,094	50,905	1,189
-	-	-	87,933	87,714	219
6,153,999	6,053,758	100,240	23,388,423	23,210,954	177,469
$ (256,699)	236,758	$ 493,456	$ (698,780)	(47,661)	$ 651,119
	35,607			90,439	
	(149,576)			(149,576)	
	(113,969)			(59,137)	
	122,789			(106,798)	
	1,061,250			1,887,829	
	593			593	
	(18,607)			(18,896)	
	$ 1,166,025			$ 1,762,728	

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STATE OF MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS AND FUND BALANCES
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST FUNDS	TOTALS (MEMORANDUM ONLY)
OPERATING REVENUES				
Operating revenues	$ 1,965,931	$ 642,392	$ -	$ 2,608,323
Contributions from members and employers (Note 11)	-	-	1,504,009	1,504,009
Interest income	298,161	-	-	298,161
Investment revenue (net)	157,822	-	1,734,105	1,891,927
Miscellaneous	64,689	-	7,189	71,878
Total Operating Revenues	2,486,604	642,392	3,245,303	6,374,298
OPERATING EXPENSES				
Salaries, wages, and other administrative	258,314	82,691	43,774	384,779
Interest expense	284,210	-	-	284,210
Depreciation	5,379	8,707	2	14,088
Purchases for resale	348,716	20,346	-	369,062
Purchases for prison industries	-	10,351	-	10,351
Lottery prize awards	684,554	-	-	684,554
Premiums and claims	171,783	490,290	-	662,073
Benefits, insurance, and refunds	-	-	1,667,411	1,667,411
Other operating expenses	124,923	28,459	3,528	156,910
Total Operating Expenses	1,877,879	640,844	1,714,715	4,233,438
Operating Income (Loss)	608,725	1,548	1,530,588	2,140,860
NONOPERATING REVENUES (EXPENSES)				
Specific tax on spirits	7,986	-	-	7,986
Federal grant revenue	48,245	1,506	-	49,752
Interest revenue	3,112	-	-	3,112
Investment revenue (net)	65,263	-	-	65,263
Other nonoperating revenues	690	1,313	-	2,003
Grant expense	(62,757)	-	-	(62,757)
Amortization of prize award obligation discount	(64,852)	-	-	(64,852)
Interest expense	(770)	(138)	-	(908)
Other nonoperating expenses	(36,580)	(802)	-	(37,382)
Total Nonoperating Revenues (Expenses)	(39,662)	1,879	-	(37,783)
Income (Loss) Before Operating Transfers	569,063	3,427	1,530,588	2,103,077
OPERATING TRANSFERS				
Operating transfers in	28,096	25	-	28,122
Operating transfers out	(530,573)	(2,244)	-	(532,817)
Total Operating Transfers In (Out)	(502,477)	(2,219)	-	(504,696)
Net Income (Loss)	66,586	1,208	1,530,588	1,598,382
Retained Earnings and Fund Balances - Beginning of fiscal year	503,561	25,221	21,533,483	22,062,265
Equity transfers to other funds	-	-	(17,881)	(17,881)
Equity transfers from other funds	-	-	17,881	17,881
Retained Earnings and Fund Balances - End of fiscal year	$ 570,147	$ 26,429	$ 23,064,070	$ 23,660,647

The accompanying notes are an integral part of the financial statements.

STATE OF MICHIGAN
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 608,725	$ 1,548	$ 610,273
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	5,379	8,707	14,085
Amortization of deferred items (net)	844	-	844
Accretion of tuition benefit obligation	35,440	-	35,440
Interest (nonprogram) and investment income	(173,544)	(8,768)	(182,312)
Interest expense	284,210	-	284,210
Provision for income tax	(12,245)	-	(12,245)
Other adjustments	(21,212)	-	(21,212)
Changes in assets and liabilities:			
Amounts due from other funds	25,200	(160)	25,040
Amounts due from federal agencies	(1,350)	(156)	(1,506)
Amounts due from local units	-	(419)	(419)
Inventories	376	2,465	2,841
Mortgages and loans receivable (program loans)	(347,855)	(5,842)	(353,696)
Other assets	21,747	(3,292)	18,455
Accounts payable and other liabilities	67,695	351	68,046
Amounts due to other funds	9,390	514	9,904
Deferred revenue	(3,982)	67,449	63,467
Tuition benefit obligation (nonaccretion portion)	(14,190)	-	(14,190)
Net cash provided (used) by operating activities	$ 484,626	$ 62,397	$ 547,023
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Proceeds from sale of bonds and notes	$ 768,510	$ -	$ 768,510
Principal repayments on bonds and notes	(664,305)	-	(664,305)
Interest paid	(280,121)	-	(280,121)
Loans or loan repayments from other funds	663	34,693	35,356
Loans made or repayments to other funds	(663)	(965)	(1,628)
Specific tax on spirits	7,986	-	7,986
Grants received from federal government	48,245	56,529	104,774
Grant expense	(62,757)	-	(62,757)
Operating transfers in from other funds	28,096	25	28,122
Operating transfers out to other funds	(533,405)	(2,244)	(535,649)
Equity transfers from other funds	-	15,990	15,990
Other	(4,808)	-	(4,808)
Net cash provided (used) by noncapital financing activities	$ (692,559)	$ 104,028	$ (588,532)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	$ (861)	$ (2,367)	$ (3,228)
Principal paid on bond and loan maturities	(724)	(16)	(740)
Interest paid on revenue bonds	(180)	-	(180)
Capital lease payments (including imputed interest expense)	(1,236)	(5,336)	(6,571)
Proceeds from sale of property, plant, and equipment	2	6,019	6,021
Net cash provided (used) by capital and related financing activities	$ (2,998)	$ (1,700)	$ (4,698)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	$ (6,873,299)	$ (50,681)	$ (6,923,980)
Proceeds from sale and maturities of investment securities	6,807,766	-	6,807,766
Interest and dividends on investments	192,954	4,852	197,805
Net cash provided (used) by investing activities	$ 127,421	$ (45,829)	$ 81,591
Net cash provided (used) - all activities	$ (83,511)	$ 118,895	$ 35,385
Cash and cash equivalents at beginning of year	366,313	26,982	393,295
Cash and cash equivalents at end of year	$ 282,802	$ 145,877	$ 428,680

	ENTERPRISE	INTERNAL SERVICE	TOTALS (MEMORANDUM ONLY)
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per balance sheet classifications:			
Cash	$ 203,953	$ 1,843	$ 205,796
Equity in common cash	82,007	145,009	227,015
Warrants outstanding	(3,158)	(974)	(4,132)
Cash and cash equivalents at end of year	$ 282,802	$ 145,877	$ 428,680
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquisitions financed by capital leases or contributed by other funds	$ 738	$ 717	$ 1,454
Capital lease liabilities entered into during the year	-	(717)	(717)
Contributions receivable from other funds	-	17,574	17,574
Increase in contributed capital	(738)	(17,574)	(18,312)
Transfer of bonds payabe to trustee	1,386,478	-	1,386,478
Transfer of defeased bonds payable to trustee	380,550	-	380,550
Transfer of investments to trustee	(27,842)	-	(27,842)
Transfer of notes receivable to trustee	(1,739,185)	-	(1,739,185)
Total noncash investing, capital, and financing activities	$ -	$ -	$ -

The accompanying notes are an integral part of the financial statements.

STATE OF MICHIGAN
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NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

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STATE OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the State conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The following is a summary of the significant policies:

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) establishes the criteria used in determining which organizations should be included in these financial statements. The GASB has issued a new statement (Statement 14) which changes both the criteria for determining which organizations to include and the method of presentation. Implementation of Statement 14 is not required until the State's 1993-94 fiscal year and the State has elected not to early implement. This year the reporting entity is based upon the same criteria as last year, which is the National Council on Governmental Accounting (NCGA) Statement 3. The NCGA criteria require the inclusion of the financial transactions of all government organizations for which the State has the ability to exercise significant oversight responsibility.

The extent of oversight responsibility is based upon several criteria including: selection of governing authority, designation of management, the ability of the State to significantly influence operations, financial interdependency and accountability for fiscal matters including the level of State financing and/or moral or legal responsibility for the long-term debt of the organizations. Based upon these criteria, this report includes information on several component unit organizations that are not accounted for as funds in the State's central accounting system. These organizations are:

State Building Authority
Michigan Higher Education Facilities Authority
Mackinac Bridge Authority
Michigan Unemployment Compensation Fund
Michigan Education Trust
Michigan State Hospital Finance Authority
Michigan Higher Education Student Loan Authority
Michigan Higher Education Assistance Authority
Mackinac Island State Park Commission
Michigan Strategic Fund
Michigan State Housing Development Authority

In addition to the component units listed above, there are certain organizations with varying degrees of autonomy which are not separate funds but which are recorded in accounts within a State fund, usually the General Fund. Among these organizations are: the Michigan Municipal Bond Authority, which is described more fully in Note #14; the Michigan Family Farm Development Authority within the Department of Agriculture; the Michigan Export Development Authority within the Department of Commerce; the Automobile Theft Prevention Authority within the Department of State Police; and, various elements of the State court system.

The court system components which are considered part of the State entity include: the Michigan Supreme Court, the Michigan Court of Appeals, the Court of Claims, the 36th District Court, and the Wayne County Circuit Court. The financial transactions of these courts are included in the General Fund. Other circuit courts, district courts, and probate courts are considered local units of government and have been excluded from these statements.

A complete listing of State funds and component units is provided in Note #2.

As more fully described in the following paragraphs, certain organizations were evaluated for possible inclusion as component units using NCGA Statement 3, but it was determined that they should not be considered part of the State reporting entity because they do not meet the criteria for inclusion.

Public institutions of higher education have been excluded from these statements. Community colleges are excluded because they are local units of government. Other public institutions of higher education have been excluded based upon an application of the manifestations of oversight criteria of NCGA Statement 3. By State Constitution, law, and practice such institutions have been made autonomous and the degree of State oversight is so remote that it is deemed most appropriate not to reflect them as part of the entity.

The following summarizes the evaluation of the manifestations of oversight for the public institutions of higher education: (a) the three largest institutions' governing boards are selected by the electorate and State officials do not maintain significant continuing relationships with the other institutions' boards; (b) the institutions' employees are not part of the State's classified civil service; (c) management is not appointed by the State; (d) the State does not establish or control the budgets; (e) the State is not responsible for debts or deficits; (f) assets are held in the name of the institutions; (g) each institution maintains its own accounting records, investments, and bank accounts; (h) each issues its own financial statements which are audited by outside accounting firms selected by the institution; (i) the institutions have significant non-state revenues.

The State grants to the public institutions of higher education are generally unrestricted. Each institution determines how the money is used, although in some cases the State makes grants for specific programs or construction projects. In the operating statements, these grants are classified as "Education" expenditures of the funds making grants.

Joint ventures in which the State of Michigan participates include the International Bridge Authority of Michigan and the Great Lakes Protection Fund. In accordance with the criteria in NCGA Statement 7, joint ventures are not reflected as funds within this report, but summarized financial information is disclosed in Note #7.

Note 1 continued on next page.

B. Basis of Presentation

With the exception of amounts related to component unit statements and portions of the Accident Fund of Michigan, the financial statements are based upon financial transactions of the State as they are recorded in individual funds in the State's central accounting system. The amounts presented for component units and the Accident Fund of Michigan are based upon audited financial statements and schedules issued by the units. As more fully explained in Note #2, the various funds and units are combined into the various fund types described below:

GOVERNMENTAL FUND TYPES

General Fund: The General Fund is the State's primary operating fund. It is used to account for general purpose financial resources and those restricted revenues which are not required to be accounted for in separate funds.

Special Revenue Funds: This fund group includes operating fund and component unit activities which account for the proceeds of certain specific revenue sources that are legally restricted for specified purposes.

Capital Projects Funds: Funds and component units which account for the acquisition or construction of major State capital facilities financed by bond proceeds are reported in this fund group.

Debt Service Funds: This group accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PROPRIETARY FUND TYPES

Enterprise Funds: This fund group includes funds and component units whose operations and finances are accounted for in a manner similar to private business enterprises. For this group, it is the intent of the State that: (a) the costs (i.e., expenses, including depreciation) of providing goods or services to the general public be financed primarily by user charges; or (b) "net income" be periodically determined and used as appropriate for capital maintenance, management control, or determination of amounts to be transferred to other operating funds as required by statute.

Internal Service Funds: This group is similar to enterprise funds except that the goods or services are provided primarily to other agencies or funds of the State, rather than to the general public.

FIDUCIARY FUND TYPES

Trust and Agency Funds: This group includes assets held by the State on behalf of outside parties, including other governments, or on behalf of other State funds. The group is subdivided into three subtypes: ([illegible]) pension funds, which are accounted for in a manner similar to proprietary funds; (b) expendable trust funds, which are accounted for in a manner similar to governmental funds; and (c) agency funds, where the State's responsibility is purely custodial in nature and for which asset and liability balances, but not operating results, are included in the general purpose financial statements.

ACCOUNT GROUPS

General Fixed Assets Group: This account group is used to account for fixed assets (i.e., land, buildings, and equipment) owned by the State, except for assets of proprietary fund types which are recorded directly in those funds.

General Long-Term Obligations Group: This account group accounts for all of the long-term obligations of the State, except for those accounted for directly in a fund.

TOTALS (MEMORANDUM ONLY)

Amounts in the "TOTALS - (MEMORANDUM ONLY)" columns represent summations of the fund types and account groups and are presented only for analytical purposes. The summations include fund types and account groups that use different bases of accounting, interfund transactions that have not been eliminated, and the caption "amounts to be provided," which is not an asset in the usual sense. Consequently, amounts shown in the "TOTALS - (MEMORANDUM ONLY)" columns are not comparable to a consolidation.

C. Basis of Accounting

The governmental fund types, expendable trust funds, and agency funds are accounted for on the modified accrual basis of accounting. There are some departures from the modified accrual basis for statutory/budgetary purposes that have no effect on the funds' balance sheets. The nature of these departures is such that they only affect how operating results are reported. This is further explained in Note #3.

The modified accrual basis emphasizes the measurement of current financial resources and obligations (i.e., "financial flow" focus). Therefore, fund revenues and other financing sources are recorded when financial resources become "measurable and available" to finance expenditures of the current period; expenditures are recorded when fund liabilities are incurred, except for principal and interest on general long-term obligations.

Note 1 continued on next page.

The proprietary fund types and the pension trust funds use the accrual basis of accounting. The accrual basis emphasizes the measurement of "net income," (i.e., "capital maintenance" focus). Using this basis, revenues are recognized when "earned" and expenses are recognized when "incurred." All financial resources and obligations of a fund, whether current or noncurrent, are recorded in the fund.

The primary effects of the differences in these bases are:

(1) For governmental fund types, most long-term liabilities are reported in the General Long-Term Obligations Account Group rather than as fund liabilities. The proceeds of long-term borrowings result in increases to fund balance because "other financing sources" are credited to the fund. Fund liabilities for both principal and interest related to general long-term obligations are recognized when they become "due and payable" (i.e., when normally liquidated with expendable available financial resources).

(2) Fixed asset acquisitions are recorded as expenditures of governmental fund types in the year acquired. Such assets are capitalized in proprietary fund types, with depreciation expense recognized over the life of the asset.

(3) For governmental fund types, revenue which is not "available" is recorded as deferred revenue. Other noncurrent assets result in reservations of fund balance. Such deferrals and reserves are usually not reflected in proprietary type funds.

D. Fiscal Year-Ends

All funds and component units are reported using fiscal years which end on September 30, except for the Michigan State Housing Development Authority, which has a June 30 year-end. The Michigan State Hospital Finance Authority (MSHFA), which in prior years was reported on as of June 30, changed this year to a September 30 year-end. The amounts reflected in this report for MSHFA for this fiscal year are for the fifteen months ended September 30, 1993. The effect of this change on this year's statements has not been determined, but the amounts would not materially affect the State's report. Both of these component units are reported in the enterprise fund group.

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents: On the Combined Statement of Cash Flows, the amount reported as "Cash and cash equivalents" is equal to the total of the amounts on the Combined Balance Sheet lines "Cash" and "Equity in common cash," less the amount of "Warrants outstanding."

Cash: Cash reported on the balance sheet consists of petty cash, imprest cash accounts, undeposited receipts, deposits in transit to the common cash pool, and cash equivalents such as short-term investments with original maturities of less than 3 months used for cash management rather than investing activities.

Equity in Common Cash: The State Treasurer maintains centralized management of most State cash resources (not including component units). From the perspective of the various State funds, the pool functions as both a cash management pool and a demand deposit account. The operations and investments of the common cash pool are described in Note #5.

Taxes Receivable: Tax revenue is accrued to the extent that it is both measurable and available. Application of the measurability and availability criteria regarding taxes is described in Note #6.

Amounts Due From Federal Agencies: For most federally funded programs, revenue is accrued in the same period as related obligations are recorded. In certain programs financed entirely by the federal government, expenditures and related revenues are recognized only to the extent of billings received by fiscal year-end. This treatment, which is generally limited to certain programs within the Department of Education, understates both assets and liabilities, so there is no impact on fund balance.

Inventories: Inventories are valued at cost, primarily using a first-in, first-out flow assumption. Expenditures (governmental funds) and expenses (proprietary funds) are recognized using the consumption method (i.e., when used or sold).

Investments: Most equity securities are stated at cost and debt securities are stated at amortized cost. Investments of risk pools, which are reported in the enterprise fund group, are valued at either cost or market depending on the type of investment. Unrealized gains and losses on investments valued at market (e.g., stocks) are not considered in determining net income of those funds, but are reflected as separate elements of fund equity. As explained in Note #19, mutual fund investments of the State's 401k deferred compensation plan are also valued at market. Additional disclosures describing investments are provided in Note #8.

Property, Plant, and Equipment: General fixed assets and capitalizable improvements of governmental fund types are recorded in the General Fixed Assets Account Group at historical cost or, if donated, at the estimated fair market value at the date of acquisition. In assembling the General Fixed Assets Account Group for the first time in 1985, certain fixed asset costs were not available; historical costs of these assets at the dates of acquisitions have been estimated.

Infrastructure ("public domain") fixed assets such as undeveloped State owned land, roads, and bridges are not capitalized. Interest incurred during construction is not capitalized and depreciation is not provided on general fixed assets.

Note 1 continued on next page.

Assets of proprietary funds are capitalized at cost upon acquisition. Interest incurred during construction is capitalized. Depreciation expense on buildings and equipment is recorded over the expected useful lives of the assets. Depreciation is calculated using the straight-line method, except for automotive equipment in the Motor Transport Fund (an internal service fund), which is depreciated using the 150% declining balance method.

Additional disclosures related to fixed assets and assets acquired through capital leases are provided in Notes #10 and #13, respectively.

Warrants Outstanding: Warrants outstanding represent drafts issued against the State Treasurer's common cash pool which have not yet cleared. These are similar to outstanding checks; however, the issuing funds' balances in the pool are not reduced until warrants are redeemed.

Income Tax Refunds Payable: The amount of collected or accrued personal income tax revenues that will be refunded is estimated and accrued as a General Fund liability. Note #16 more fully describes this liability.

Deferred Revenue: Deferred revenue is recognized when cash, receivables, or other assets are received or recognized prior to their being earned or available.

Long-Term Liabilities: General long-term obligations which are not reported as fund liabilities are reported in the General Long-Term Obligations Account Group. The group, which is more fully described in Note #14, includes obligations for: general obligation and revenue dedicated bonds, capital leases, compensated absences, claims and judgments, workers' compensation, claims against the Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA), and pension funding liabilities related to the funds accounted for on the modified accrual basis. Fund expenditures are recognized for these obligations in the period when they are "normally liquidated with available financial resources." For obligations other than claims and judgments, claims against MUSTFA, and capital leases, this means the expenditures are recognized as they become "due and payable." Note #14 explains the accounting for claims and judgments and claims against MUSTFA. Note #13 explains the accounting for capital leases.

Long-term liabilities of the proprietary funds are recognized in the funds, except for the portions of the State's workers' compensation liability for which fund distribution is not reasonably estimable. The long-term liabilities of these funds are more fully explained in Notes #13, #15, #17 and #18.

Fund Equity: Fund equity represents the difference between fund assets and fund liabilities. The governmental and fiduciary funds' fund equity is called "fund balance."

For proprietary funds, equity attributable to accumulated earnings is referred to as "retained earnings." Equity classified as "Net unrealized gains (losses) on investments" represents the valuation of certain investments held by risk pools at market value, rather than cost. Equity provided by other funds or governmental units for property, plant, and equipment or for original start-up costs for new funds is classified as "contributed capital." Note #22 explains the basis for the amounts which are reported as contributed capital.

Reservations: Fund balances for all governmental funds are classified as either reserved or unreserved. Reserved fund balances reflect either: 1) funds legally segregated for a specific use or 2) assets which, by their nature, are not available for expenditure. Unreserved fund balances reflect the balances available for expenditure for the general purposes of the fund. Details related to the make-up of reserved fund balances are reported in Note #24.

Retained earnings reservations in proprietary funds usually reflect amounts required to be set aside by bond agreements. These are described in Note #23.

F. Revenues, Expenditures, Encumbrances, Expenses, and Other Financing Sources and Uses

Revenues: Revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted." General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. Unused restricted revenues at year-end are recorded as reservations of fund balance.

Revenues of governmental funds that accrue to the State independent of when expenditures are incurred by the State (such as taxes, licenses, and permits) are considered "available" if the payer incurs the obligation to the State before year-end and payment is received within 60 days of year-end, except for revenue related to delinquent taxes receivable which is recognized in the amount expected to be received within 12 months (see Note #6).

Revenues which the State earns by incurring obligations (such as matching federal grants) are generally recognized in the same period that the related obligations are recognized. Such accrued revenue is considered available even if it is not received within 60 days of year-end. This method provides improved reporting and control at the program level because it appropriately matches funding sources and uses.

Note 1 continued on next page.

Expenditures: Expenditures are reported by character: "Current," "Capital outlay," "Intergovernmental - revenue sharing," or "Debt service." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Tax expenditures, which represent income tax credit programs that are in substance grants, are also reported as current expenditures. These are described in more detail in Note #16.

Capital outlay includes expenditures for real property or infrastructure (e.g., highways). Intergovernmental revenue sharing is used to account for the distribution of certain tax revenues which are shared with local units based upon statutory requirements. Debt service includes both interest and principal outlays related to bonds accounted for in the General Long-Term Obligations Account Group and payments on capitalized leases.

Encumbrances: Encumbrances are commitments related to unperformed (executory) contracts for goods or services. During the fiscal year, agencies may enter all types of encumbrances in the accounting system for spending control purposes. For year-end financial reporting purposes, encumbrances are recorded only to the extent that spending authority is allowed to be carried forward to the next year. How encumbrances are reflected in the statements is more fully described in Note #3.

Unless a statutory exception has been made, there are limits on the types of encumbrances that can be recorded as spending authority carry-forwards at year-end. Encumbrances are not recorded against multi-year project (capital outlay and work project) appropriations which do not lapse until project completion. Other encumbrances are recorded only if the encumbrance is for an obligation that was entered into prior to September 16. Encumbrances for services are recorded only if the contract is for a nonrecurring item. Encumbrance contracts for goods that specify delivery after September 30 are not recorded and encumbered amounts in excess of line-item spending authority are not recognized.

Expenses: Expenses are classified as operating or nonoperating and are subclassified by object (e.g., salaries, depreciation, and purchases for resale).

Other Financing Sources: These additions to governmental fund balances include resources and financing provided by bond proceeds, capital leases, and operating transfers from other funds.

Other Financing Uses: These are reductions of governmental fund resources, normally resulting from operating transfers to other funds.

G. Interfund Transactions

Operating Transfers: Except as described below, transactions between funds are classified as operating transfers. These include most of the routine transfers of resources between funds, such as a transfer from a fund receiving revenue to the fund through which resources are to be expended.

Equity Transfers: Residual equity transfers, which are detailed in Note #22, are used to record capital contributions and other nonrecurring or nonroutine transfers of equity between funds.

Reimbursements: The reimbursement method reclassifies an expenditure/expense from the fund originally making a disbursement to another fund to which the expenditure/expense is more properly attributable. For example, the State uses this method when the administrative costs of proprietary funds, component units, or pension trust funds are appropriated in the General Fund.

Quasi - External Transactions: Certain interfund transactions are recorded as if they were occurring with an outside entity. This method is most commonly used to report revenues of the internal service funds, pension funds, and certain expendable trust funds. The paying funds report expenditures or expenses, depending upon fund type.

NOTE 2 – FUNDS BY CLASSIFICATION

The following table lists all of the funds and component units which make up the various fund types as of September 30, 1993. Component units which are not accounted for in the State's central accounting system but which are included in the reporting entity are identified by "(cu)." Operating funds which are subject to annual appropriation and for which statements comparing budget to actual are included in this report are identified by an "*."

General Fund*

Special Revenue Funds:

Transportation Related:

State Aeronautics Fund*
State Trunkline Fund*
Michigan Transportation Fund*
Comprehensive Transportation Fund*
Combined State Trunkline Fund Bond Proceeds Fund
Combined Comprehensive Transportation Bond Proceeds Fund

Conservation and Recreation Related:

Game and Fish Protection Fund*
Michigan State Waterways Fund*
Marine Safety Fund*
Game and Fish Protection Trust Fund
State Park Improvement Fund*
Recreation Bond Fund - Local Projects
Environmental Protection Bond Fund
Michigan Natural Resources Trust Fund*
Michigan Nongame Fish and Wildlife Fund*

Regulatory and Administrative Related:

Michigan Employment Security Act - Administration Fund*
Safety Education and Training Fund*
Workplace Health and Safety Fund
State Construction Code Fund*
Homeowner Construction Lien Recovery Fund*

Other State Funds:

Counter-Cyclical Budget and Economic Stabilization Fund*
Michigan Veterans' Trust Fund*
School Aid Fund*
School Bond Loan Fund
Children's Trust Fund*
State Building Authority Advance Financing Fund
Michigan Underground Storage Tank Financial Assurance Fund*

Component Units:

State Building Authority (cu)
Michigan Higher Education Facilities Authority (cu)
Mackinac Bridge Authority (cu)

Debt Service Funds:

Combined State Trunkline Bond and Interest Redemption Fund
Water Pollution Control Bond and Interest Redemption Fund
Combined Comprehensive Transportation Bond and Interest Redemption Fund
Recreation and Environmental Protection Bond Redemption Fund
State Building Authority (cu)

Capital Projects Funds:

Recreation Bond Fund - State Projects
State Building Authority Advance Financing Fund
State Building Authority (cu)

Enterprise Funds:

State Funds:

Liquor Purchase Revolving Fund
State Lottery Fund
Low-Level Radioactive Waste Authority
Michigan State Fair Revolving Fund
Department of Natural Resources Magazine Fund
Accident Fund of Michigan

Component Units:

Michigan State Hospital Finance Authority (cu)
Michigan Education Trust (cu)
Michigan Higher Education Student Loan Authority (cu)
Michigan Higher Education Assistance Authority (cu)
Mackinac Island State Park Commission (cu)
Michigan Strategic Fund (cu)
Michigan State Housing Development Authority (cu)

Note 2 continued on next page.

Internal Service Funds:

- Correctional Industries Revolving Fund
- Motor Transport Fund
- Office Services Revolving Fund
- Information Technology Revolving Fund
- Risk Management Fund
- State Sponsored Group Insurance Fund
- State Water Pollution Control Loan Fund

Trust Funds:

Expendable Trust Funds:

- Michigan Unemployment Compensation Fund (cu)
- Michigan Employment Security Act Contingent Fund
- Second Injury Fund
- State Employees' Deferred Compensation Fund II (401k)
- Transportation Related Trust Funds
- Miscellaneous Trust Accounts Fund

Pension Related:

- Legislative Retirement Fund
- State Police Retirement Fund
- State Employees' Retirement Fund
- Public School Employees' Retirement Fund
- Judges' Retirement Fund
- Municipal Employees' Retirement Fund

Agency Funds:

- Metropolitan Planning Fund
- Financial Institutions Deposits Fund
- State Employees' Deferred Compensation Fund I (457)
- Department of Natural Resources Deposits Fund
- Insurance Carrier Deposits Fund
- State Treasurer's Escrow and Paying Agent Fund

NOTE 3 – BUDGETING AND BUDGETARY CONTROL

A. Major Constitutional and Statutory Provisions

Balanced Budget Requirements: Article 5 of the State Constitution mandates that the executive budget recommend spending limits for operating funds to the Legislature that are within available resources. Compliance with this is demonstrated in the executive budget and budget bills for each fiscal year.

Article 4 of the State Constitution mandates the Legislature to enact appropriations for each operating fund that do not exceed that fund's revenue estimates including beginning unreserved fund balance. Compliance with this requirement is demonstrated in schedules included in the annual appropriation acts, usually the "General Government" appropriation act. When it appears that revenue will fall below the estimates on which the appropriations are based, the Governor is required to recommend spending reductions as necessary to avoid a year-end deficit.

Revenue Limits: Effective with fiscal year 1979-80, Article 9, Section 26 of the State Constitution restricted State revenues to a ceiling based upon revenues for fiscal year 1978-79 as a proportion of personal income for calendar year 1977. More specifically, it provides that State revenues (other than federal aid and revenues used for payment of principal and interest on general obligation bonds) in any fiscal year are limited to 9.49% of the prior calendar year's personal income. For example, the fiscal year 1992-93 revenues cannot exceed 9.49% of calendar year 1991 personal income, or the average of the three prior years' income, whichever is greater. Both the constitutional language and implementing statutes provide for other adjustments to the revenue and personal income calculations. If revenues exceed the limit by 1% or more, the entire amount in excess of the limit must be refunded to personal income tax payers and payers of the State's single business tax. If the limit is exceeded by an amount less than one percent, the excess may be deposited into the State's Budget Stabilization Fund.

The official calculation for fiscal year 1992-93 is not required to be made until June 30, 1994. Preliminary estimates indicate that State revenues for fiscal year 1992-93 are well under the limit. For fiscal year 1991-92, revenues were under the limit by $3.7 billion.

Local Spending Requirements: Article 9, section 30 requires that State spending to, or on behalf of, local units of government not fall below 41.61% of total State spending. Calculations of the percentage paid in 1992-93 are not yet complete, however, it is anticipated that payments to local units exceeded the requirement.

Note 3 continued on next page.

Budget Stabilization Fund: The Counter-Cyclical Budget and Economic Stabilization Fund (a special revenue fund) was created by P.A. 76 of 1977 to assist in stabilizing revenue and employment during periods of economic recession. In general, the law requires payments into the fund when real economic growth exceeds 2% and allows withdrawals from the fund when real economic growth is less than 0%. Funds can also be withdrawn to fund capital outlay projects or when the State's unemployment rate exceeds 8%.

The following summarizes the transactions for the fund for 1992-93 (in millions):

Beginning balance - unreserved	$ 20.1
Interest Income	.7
Operating transfer from General Fund	282.6
Ending balance - unreserved	$303.4

This year's transfer from the General Fund was in accordance with section 218 of P.A. 191 of 1993. The statute required that any fiscal year 1992-93 ending General Fund unreserved fund balance in excess of $26 million be paid into the Budget Stabilization Fund as of September 30, 1993.

B. Budgetary Control - Governmental Fund Types

A number of different budgetary control processes are used for the various funds and programs within funds. Annual legislative appropriations and revenue estimates are provided only for operating funds. These annually budgeted operating funds include the General Fund and 19 of the special revenue funds. (Note #2 identifies the annually budgeted operating funds.) The other funds do not have complete legally adopted budgets, but they are usually subject to some more limited form of budgetary control, such as financial plans or a limiting of expenditures to the amount of resources. The budget to actual comparative statements in this report reflect only the annually budgeted operating funds of the oversight entity.

Revenues: General purpose (unrestricted) revenue estimates are provided in both the original executive budget and in original legislative appropriations in order to demonstrate compliance with constitutional provisions. The Department of Treasury is responsible for updating revenue projections. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

Spending: The level and method of control provided over spending varies significantly between funds and programs. Appropriation line items may be by program, organization, project, object, or a mix of these. If a department wishes to transfer spending authority from one appropriated account to another, it must, generally, receive legislative approval. Expansion of total spending authority usually requires a supplemental appropriation. In the event that expenditures exceed authorization during a year, the department must request a supplemental appropriation (carry-back) for the amount overspent. Unexpended authorization balances lapse at year-end unless carry-forward is authorized by statute or qualifying encumbrance carry-forwards have been recorded.

For programs financed from restricted revenues, spending authorizations are generally contingent upon recognition of the related revenue. If revenues fall short of estimates, related spending authorizations are reduced. If revenues exceed the estimate, supplemental appropriations are required before they can be spent.

Budgetary control of spending is maintained by the central accounting system at the appropriation account level. Spending authority accounts are at a level of detail which makes it infeasible to include a comparison of budget to actual at the level of budgetary control in the State's Comprehensive Annual Financial Report. A separate report is published by the Department of Management and Budget detailing the disposition of authorizations at the spending account level.

C. Statutory/Budgetary Presentation

In the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds, expenditures, operating transfers out, other financing uses, and encumbrances are combined and classified by department, rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budgetary process. Generally accepted accounting principles require that the final legal budget be reflected in the "budget" column, therefore the updated revenue estimates as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984 permits budget adjustments by the Legislature through 60 days after year-end.

Note 3 continued on next page.

The expenditures budget column represents original and supplemental authorizations (i.e., appropriations and carry-forwards) as adjusted for carry-backs (i.e., current year appropriations for prior year overdrafts), approved transfers, executive order reductions, restricted revenue adjustments, prior year carry-forward corrections, and timing differences. The timing differences primarily result from authorizations for multi-year projects, such as capital outlay and work projects, which are provided for a period of more than one year. Such authorization balances remaining at year-end are removed from the budget column so as to provide an "annualized" budget. "Favorable variances" generally reflect unused general purpose spending authority ("lapses") and/or unused restricted revenue authority which carries over as a reservation of fund balance; "unfavorable variances" reflect budgetary overdrafts. If both favorable and unfavorable variances exist for a particular line, the amount shown is the net variance.

Prior year carry-forward corrections result when, subsequent to year-end, it is found that either spending authority which should have been lapsed was carried forward, or that authority which should have been carried forward was lapsed. When these situations occur, the spending authority ("Budget") in the new year is reduced (or reinstated). Therefore, the amount reflected for spending authority brought forward in the current year will not agree, exactly, with the amount reserved for budgetary carry-forward in the prior year.

D. Statutory/Budgetary Reconciliation - General Fund and Special Revenue Funds

The statutory/budgetary basis presentation differs from generally accepted accounting principles (GAAP) in ways that do not affect ending fund balance:

Encumbrances: As explained in Note #1, the State records encumbrances at year-end only if they meet certain criteria. For budgetary reporting purposes, the recorded encumbrances are included with expenditures and operating transfers in the "Actual" columns because they are considered uses of spending authority in the year the State incurs an obligation. The "Budget" columns include encumbrance authorization balances carried over from the prior fiscal year because they provided spending authority in the current year. In the GAAP basis statements, encumbrances are not included as expenditures. The effect of this difference is reflected as a reconciling item on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General and Special Revenue Funds. The encumbrance of spending authority is recorded as a reservation of fund balance under both bases of accounting.

Capital Leases: For budgetary purposes, capitalizable lease expenditures are recognized when payments are due, rather than upon lease inception as required by GAAP. This difference does not affect fund balance because the "other financing sources" recorded under GAAP at lease inception are not recorded on the statutory/budgetary basis.

E. Budgetary Overexpenditures

There were no net overexpenditures by General Fund departments. There were, however, the following line-item overexpenditures, which represent noncompliance with State budget laws, of State funds incurred during the year (in thousands):

General Fund	
Legislative	$ 229
Mental Health	263
Social Services	44,118
Natural Resources	467
General Fund Total	$45,078
Special Revenue Funds	
State Trunkline Fund	$ 65
Michigan State Waterways Fund	3
Michigan Transportation Fund	95
Comprehensive Transportation Fund	313
School Aid Fund	4,783
State Park Improvement Fund	72
Michigan Natural Resources Trust Fund	1
State Construction Code Fund	15
Special Revenue Funds Total	$ 5,345

NOTE 4 – RESTATEMENTS AND OTHER CHANGES

Restatements

In this year's statements, the State implemented the provisions of the Government Accounting Standards Board Statement 21 on accounting for escheated property. As a result of the change, the unreserved fund balance of the expendable trust fund used to record escheats was reduced by $6.0 million and liabilities increased by a like amount. This change is explained more fully in Note #18.

Other Changes

In prior fiscal years, fund balance reservations were not reported in the Michigan Natural Resources Trust Fund, a special revenue fund, for amounts being accumulated for investment purposes. This year, $70.3 million of fund balance has been reserved for permanent investment. Had such reservations been recorded as of September 30, 1992, the amount would have been $67.9 million. The reason for this change was to more appropriately reflect the amount of fund balance available for appropriation under current statutory and Constitutional provisions.

The amount of fund balance budgetary reservations for restricted revenue carried forward in the General fund is reduced this year because of a change in how tax expenditures are appropriated. Under the old methods for funding tax expenditures, General fund fund balance reservations would have been higher by $245.7 million. This is explained more fully in Note #24.

In prior fiscal years, the State provided actuarial disclosures in the "Pension Benefits and Other Post Employment Benefits" note about certain post employment benefits provided to State and public school retirees. The prefunding of these programs has been eliminated, so such disclosures are not required or presented in that note. Had such disclosures been presented, they would have shown as of September 30, 1993: an actuarial accrued liability of $285.0 million and net assets available for benefits of $42.5 million for State employees dental and vision benefits; and, an actuarial accrued liability of $5,270.7 million and net assets available for benefits of $365.5 million for health care benefits for public school retirees.

NOTE 5 – TREASURER'S COMMON CASH

A. General Accounting Policies

The State Treasurer manages the State's common cash pool, which is used by most State funds. The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the pool are not segregated by fund, rather, each contributing fund's balance is treated as equity in the pool. Many funds, including pension funds, use their equity in the pool as a short-term investment vehicle. The Treasurer annually publishes the "Annual Report of the State Treasurer" which includes audited schedules of Common Cash Assets and Equities, Investment Portfolios of Specific Funds, and Investment Earnings.

In the State's Comprehensive Annual Financial Report, the pooled cash is not reported as a separate fund, rather each fund's balance in the pool is reported on the balance sheet on the line "Equity in Common Cash." All negative balances in the pool are reclassified at year-end as interfund liabilities. If the negative balance is considered long-term, the reclassification is recorded as an advance.

Whether a particular fund receives or pays interest on its balances in the pool is determined by statute or administrative policy. If a fund does not receive or pay interest, the General Fund receives or absorbs such amounts. Earnings on positive balances and charges on negative balances are allocated quarterly based upon the average daily balances of the various funds and the average investment earnings rate for the quarter. Accrued earnings of the pool are recorded as assets of the pool, with the accrual allocated to the various funds' equity in the pool. Interest revenues on positive balances and interest charges on negative balances are reflected as revenues or expenditures/expenses of each of the participating funds.

B. Investments and Deposits

The investment authority for the common cash pool is found in P.A. 105 of 1855, as amended. The State Treasurer may invest surplus funds belonging to the State in the bonds, notes, and other evidences of indebtedness of the United States Government, and its agencies; and in prime commercial paper. Certificates of deposit are permitted in financial institutions whose principal office is located in the State of Michigan.

The Treasurer invests excess cash in short-term investments, mostly prime commercial paper. The Treasurer is not prohibited by law from entering into repurchase agreements; however, the Treasurer did not use these agreements in managing the pool in 1992-93.

Statutes provide for certain special State investment programs for which the General Fund is credited (charged) for earnings in excess of (under) those achieved by regular pool investments. There have been no principal losses because of these programs to date. The most significant program provides for emergency loans to local units of government. The Treasurer may loan not more than a combined total of $5 million in any one fiscal year to qualifying cities, villages, or townships in amounts as approved by the Emergency Financial Assistance Loan Board.

Note 5 continued on next page.

The Board was also authorized to approve the lending of up to $120 million to Wayne County to finance the payment of certain obligations to the State. Under a loan agreement made in 1987-88, the State loaned the County a total of $108.8 million; $61.9 million in 1987-88; $7.0 million in 1988-89; $18.2 million in 1989-90; and $21.7 million in 1990-91. Loan repayments by the County are supported by provisions of the loan agreement and legislation which pledge the County's share of a portion of the State collected taxes on cigarettes. Repayments on the loans to date total $65.8 million; repayments this fiscal year totalled $14.1 million.

Under the provision of the loan agreement with the County, interest on the loans is forgiven if the County meets certain criteria. If the interest is forgiven, the General Fund absorbs the loss through a reduction of its portion of the pool's investment income. Therefore, the loans were discounted to present value using average common cash pool earnings rates in the years the loans were issued (1987-88 at 6.77%, 1988-89 and 1989-90 at 8.432%, and 1990-91 at 8.836%). These discounts, which are recorded in the General Fund as reductions to its Equity in Common Cash balance, are being amortized over the expected life of the loan. Amortization is recorded as an increase in General Fund interest income and totalled $3.8 million this fiscal year.

Assets and equities of the common cash pool as of September 30 were as follows (in millions):

	1993	1992
ASSETS		
Cash on hand	$ .1	$ .1
Demand deposits	146.9	169.9
Time deposits -- regular	29.5	25.2
Time deposits & notes -- Farm Disaster Relief Program	3.8	6.0
Prime commercial paper -- at cost	1,624.2	1,435.5
U.S. Treasury bonds -- at cost	5.1	5.1
Interest receivable	3.0	2.8
Emergency loans to local units -- at cost	47.9	62.3
Less discount on interest free loan	(6.6)	(10.5)
Total assets	$1,854.1	$1,696.4
EQUITIES		
Fund equities (net) in common cash (1)	$1,839.5	$1,680.8
Imprest cash and other items	14.5	15.6
Net fund equities	$1,854.1	$1,696.4

(1) Negative equity balances in the pool are reclassified at year-end as interfund receivables and liabilities. Current balances are included with "Amounts due from other funds" and "Amounts due to other funds" and long-term amounts are classified as interfund advances. Note #20 summarizes interfund receivables and liabilities.

The following paragraphs provide disclosures about deposits and investments of the common cash pool, as required by GASB's Statement 3. Please see Note #8 for a description of the GASB risk categories and for information about deposits and investments which are not part of the common cash pool.

Deposits: At September 30, 1993, the carrying amount of deposits, including time, demand, and farm disaster relief program deposits, was $180.3 million. The deposits were reflected in the accounts of the banks at $142.6 million. Of the bank balance, $8.7 million was covered by federal depository insurance (GASB credit risk category 1) and $133.9 million was collateralized with securities held by the State's agent in the State's name (GASB credit risk category 1). Compensating balances kept in demand deposit accounts to avoid service charges totalled $91.2 million at September 30, 1993.

Investments: At September 30, 1993 and 1992, the market value of prime commercial paper was $1,626.9 and $1,437.9 million, respectively and the market value of the U.S. Treasury bonds was $5.7 million and $5.8 million, respectively. Using the GASB categories of credit risk, all of the investments are in category 1, except for $488.0 million of prime commercial paper which falls in category 2. The category 2 prime commercial paper investments are those where the State's agent is one of the issuing banks for the issuer. The emergency municipal loans are evidenced by notes held by the State in the State's name, so they fall in credit risk category 1.

NOTE 6 -- TAXES RECEIVABLE

In general, taxes receivable represent amounts due to the State at September 30 that were received by the State within approximately 60 days after that date. Sales, use, and income taxes are accrued to the extent that the related sales or wage payments occurred prior to October 1 and tax payments were received prior to December 1. Annual tax payments (e.g., those filed on an annual basis) have not been accrued because they are neither reasonably estimable nor available. Single business tax revenue is similarly accrued, with receipts received prior to December 1 (i.e., quarterly filings due November 30) recognized as revenue to the extent that the activities being taxed occurred prior to October 1. The accrued telephone and telegraph taxes are due December 1 and were received at approximately that time. Delinquent taxes are recognized to the extent that they will be collected within 12 months, except for the Michigan Unemployment Compensation Fund (expendable trust) which only records taxes received within 60 days as receivables.

Taxes receivable (amounts expressed in millions), as of September 30, consisted of the following:

	FUND TYPES			
Tax	General	Special Revenue	Expendable Trust	Total
Sales & use	$ 206.8	$193.5	$ --	$ 400.3
Individual income	577.4	--	--	577.4
Single business	538.1	--	--	538.1
Telephone & telegraph	17.4	--	--	17.4
Motor fuel	--	116.1	--	116.1
Insurance - retaliatory	49.9	--	--	49.9
Inheritance	32.7	--	--	32.7
Cigarette	23.3	2.0	--	25.4
Unemployment	--	--	145.2	145.2
Other	22.4	20.1	--	42.5
Penalties and interest	620.5	.6	--	621.1
Gross taxes receivable	2,088.4	332.4	145.2	2,566.0
Less allowance for uncollectibles	(1,046.8)	(145.9)	--	(1,192.7)
Total taxes receivable (net)	$1,041.7	$186.4	$145.2	$1,373.3
As Reported on Balance Sheet				
Current taxes receivable	$1,000.4	$182.3	$145.2	$1,327.8
Noncurent taxes receivable	41.3	4.2	--	45.4
Total taxes receivable (net)	$1,041.7	$186.4	$145.2	$1,373.3

NOTE 7 – JOINT VENTURES

The State is a participant in two joint ventures. Joint ventures are not reflected as funds within this report, but a description of each venture and summarized financial information are provided below.

The International Bridge Authority of Michigan (IBAM) at Sault Ste. Marie, Michigan is a joint venture of the State and Canadian governments and, therefore, is not included as a component unit in this report. The Authority is governed by a commission made up of five members, three from the State (appointed by the Governor with the consent of the Senate) and two from Canada (appointed by the St. Mary's River Bridge Company, which is controlled by the Province of Ontario). Toll revenues are used to finance the cost of operating and maintaining the bridge as well as to cover debt service requirements. Budgetary and financial control over the Authority is the responsibility of the commission.

The Great Lakes Protection Fund (GLPF) is a not-for-profit corporation located in Chicago, Illinois. Its purpose is to finance and support research with respect to water quality of the Great Lakes. The eight states bordering on the Great Lakes are eligible to become members if they make a required contribution to the endowment of the Fund. Contribution requirements were established based upon water consumption and usage. Michigan is the largest contributor to the fund, having made a contribution of $25 million, constituting approximately 40% of the total. Michigan made its required contribution by issuing the Fund a general obligation bond authorized as part of the State's environmental protection bond program.

Each of the participating seven member states is represented by two members on the GLPF's board of directors. The board members are selected by the states' respective governors. The Fund's financing and budgeting operations are controlled by the directors within requirements established by the Articles of Incorporation. Net earnings after operating expenses are divided into parts. One third of the net earnings on total contributions is granted to the respective states in proportion to their contributions to the Fund, to be used for the purposes of the Fund. Two thirds of the net earnings are available to the Fund to make other grants.

The following is summarized financial information for the IBAM as of its August 31 fiscal year-end and for the GLPF as of its December 31, 1992 year-end (in thousands):

	IBAM	GLPF
Current Assets	$6,561	$50,291
Current Liabilities	933	1,620
Noncurrent Investments	–	15,765
Endowment Funds	–	62,400
Total Equity	5,628	64,507
Total Revenues	4,949	4,813
Total Expenditures/Expenses	3,261	4,573
Excess of Revenue and Other Sources Over (Under) Expenditures/Expenses and Other Uses	1,693	240
Fixed Assets (cost)	4,274	100
Long-Term Debt (Bonds Payable)	7,850	–

NOTE 8 – DEPOSITS AND INVESTMENTS

A. General Information

This note provides information for all deposits and investments except those of the Common Cash pool which are described in Note #5. The following table summarizes "Investments" (including deposits with financial institutions that are held for investment purposes) as reported on the balance sheet (in millions):

Fund Type	Current Investments	Noncurrent Investments	Total Investments
General Fund	$ –	$ –	$ –
Special Revenue			
State Funds	.1	31.9	32.0
Component Units:			
State Building Authority	11.9	–	11.9
Other Component Units	15.6	–	15.6
Total	27.6	31.9	59.5
Debt Service			
Component Units:			
State Building Authority	42.3	23.7	66.0
Total	42.3	23.7	66.0
Capital Projects			
Component Units:			
State Building Authority	27.2	–	27.2
Total	27.2	–	27.2
Enterprise			
State Funds:			
State Lottery Fund	90.1	741.2	831.3
Accident Fund of Michigan	72.1	672.4	744.6
Component Units:			
Michigan Education Trust	27.2	497.4	524.6
Michigan Higher Education Student Loan Authority	50.7	182.5	233.2
Michigan Strategic Fund	25.1	47.2	72.3
Michigan State Housing Development Authority	303.3	510.1	813.4
Other Component Units	48.8	3.4	52.2
Total	617.4	2,654.3	3,271.6
Internal Service			
State Funds:			
State Water Pollution Control Loan Fund	5.1	45.6	50.7
Total	5.1	45.6	50.7
Trust and Agency			
State Funds:			
Pension Trust Funds	4,202.3	18,623.1	22,825.4
State Employees' Deferred Compensation Fund I (457)	–	1,259.8	1,259.8
State Treasurer's Escrow and Paying Agent Fund	222.4	358.5	580.9
Other State Funds	27.4	222.8	250.3
Component Units:			
Michigan Unemployment Compensation Fund	421.2	–	421.2
Total	4,873.4	20,464.2	25,337.5
Total Investments	$5,592.9	$23,219.6	$28,812.6
Total State Funds	$4,619.6	$21,955.2	$26,574.8
Total Component Units	973.3	1,264.4	2,237.7
Total Investments	$5,592.9	$23,219.6	$28,812.6

The GASB's Statement 3 requires certain disclosures regarding policies and practices with respect to deposits, investments, and the custodial credit risk associated with them.

Note 8 continued on next page.

Deposits: In accord with Statement 3, deposits are classified into three categories of custodial credit risk, as follows:

Category 1: Insured or collateralized with securities held by the entity or by its agent in the entity's name

Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name

Category 3: Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the entity's name.)

Investments: In accord with Statement 3, investments are also classified into three categories of custodial credit risk, as follows:

Category 1: Insured or registered, or securities held by the entity or its agent in the entity's name

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities.)

Certain types of investments are not categorized because they are not evidenced by securities that exist in physical or book entry form. Deposits classified as investments on the balance sheet are included in the investment tables following and are categorized using the deposit risk category definitions.

Disclosures for State funds have been broken into two basic categories: pension system funds and other funds. Information regarding these deposits and investments was provided primarily by the State Treasurer, who manages most investments.

Information for component units has been extracted from the separately issued financial reports for each component unit. Readers interested in more detail regarding particular component units may wish to obtain the separately issued financial reports.

B. State Funds' Deposits and Investments

Deposits

Some State funds maintain deposits with financial institutions in addition to equity in the Common Cash pool. At year-end, the carrying amount of such deposits, excluding those classified as investments, was $18.0 million. The deposits were reflected in the accounts of the banks at $23.9 million. Of the bank balance, $3.1 million was covered by federal depository insurance or by collateral held by the State's agent in the State's name (GASB credit risk category #1), and $20.8 million was uninsured and uncollateralized (GASB credit risk category #3).

Investment Authority and Policies

Investment authority for the State's pension funds is found in P.A. 314 of 1965, as amended. This act allows the State Treasurer, as investment fiduciary, to make diverse investments in stocks, corporate and government bonds and notes, mortgages, real estate, venture capital, and other investments. The act has prudence standards and requires that the assets of a retirement system shall be invested solely in the interest of the participants and beneficiaries and be made for the exclusive purpose of providing benefits to the participants and the participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the state system. Public Acts 252 and 253 of 1988, with an effective date of January 1, 1989, amended the statute to prohibit new investments in companies that do business in South Africa and require a phased in divestiture of such investments. Public act 214 of 1993 repealed both acts effective October 27, 1993.

The State Treasurer is also authorized to invest a limited amount of pension funds in futures contracts. Such investments were made in S & P 500 Index futures contracts during the year, however, no such investments were outstanding at year-end.

The investment authority for other State funds is found in their enabling legislations and/or their bond resolutions where applicable. With the exception of deferred compensation plans, which primarily invest in guaranteed investment contracts with insurance companies, and the Accident Fund of Michigan, which makes diverse investments in such securities as are specified by law for investment by casualty insurance companies, the investments of the non-pension funds are comprised mostly of United States government securities.

As a matter of administrative policy, the State Treasurer makes only limited use of investments in repurchase agreements. No such investments were outstanding at year-end.

Note 8 continued on next page.

The following table shows the carrying amounts and market values of investments of the State funds, including deposits classified as investments on the balance sheet, by investment type and in total (in millions) at September 30:

	Carrying Amount			
	Pension Trust Funds	Other State Funds	Total	Market Value
Deposits:				
Time Deposits	$ –	$ 4.2	$ 4.2	$ 4.2
Investments:				
Prime commercial paper	3,897.0	2.2	3,899.2	3,911.1
Short-term notes	305.0	17.4	322.4	323.9
Repurchase agreements	–	–	–	–
Government securities	3,340.6	2,039.3	5,379.9	5,911.6
Corporate bonds and notes	4,103.5	107.1	4,210.7	4,507.4
Convertible bonds	62.3	–	62.3	68.7
Preferred stock	25.0	4.8	29.8	35.8
Equities	7,375.3	46.9	7,422.2	9,679.3
Mortgages	780.6	–	780.6	945.9
Real estate	1,427.2	–	1,427.2	1,456.2
Venture capital and leveraged buyouts	813.9	–	813.9	1,140.1
International	695.0	–	695.0	717.4
Investment contracts	–	1,415.3	1,415.3	1,415.3
Mutual funds (401k)	–	112.2	112.2	112.2
Total	$22,825.4	$ 3,749.4	$26,574.8	$30,229.0

At September 30, 1993, the pension trust funds gross unrealized gains were $4,178.9 million and gross unrealized losses were $739.7 million, resulting in net unrealized gains of $3,439.2 million.

All of the State funds' investments fall into GASB's credit risk category #1, except for time deposits of $4.2 million, which fall into deposits category #3; prime commercial paper of $309.6 million in category #2 and $.1 million in category #3; and the following investment types which are not categorized: private placements in corporate bonds and notes ($254.7 million), mortgages, real estate, venture capitol and leveraged buyouts, international investments of $42.8 representing open-end mutual funds, investment contract, and mutual funds (401k). Additional detail regarding the carrying amount and market value of pension funds is provided in Note #11. Of the "Other State Funds," the largest holders of investments were the State Treasurer's Escrow and Paying Agent Fund (15%), the State Lottery Fund (22%), the Accident Fund of Michigan (20%), and the State Employees' Deferred Compensation I (457) Fund (34%).

The State Treasurer's Escrow and Paying Agent Fund investments ($580.9 million) are in the form of prime commercial paper and government securities.

The State Lottery Fund investments ($831.3 million) are all in the form of zero coupon U.S. Treasury bonds. As described more fully in Note #17, these investments are held to provide funding for deferred prize awards.

The Accident Fund of Michigan investments include equity securities which are valued at market net of allowances for fees in lieu of income taxes, rather than cost, in accordance with accounting methods followed by public entity risk pools. The amount of unrealized gain on investments ($6.8 million as of September 30, 1993) is shown on the balance sheet as a separate component of fund equity. This compares to an unrealized gain in last year's statements of $5.2 million. The increase in unrealized gain during the fiscal year ($1.7 million) does not affect the net income or retained earnings of the fund.

The State's section 457 deferred compensation plan investments ($1,259.8 million) are all in the form of guaranteed investment contracts with insurance companies. The line titled "Investment contracts" in the preceding table also includes the section 401k deferred compensation plan ($109.9 million) and the State Water Pollution Control Loan Fund ($45.6 million). Additional information on the State's deferred compensation plans is provided in Note #19.

Note 8 continued on next page.

C. Component Unit Deposits and Investments

Deposits

At year-end, the carrying amount of component unit deposits, excluding those classified as investments, was $69.7 million. The deposits were reflected in the accounts of the banks at $99.4 million. Of the bank balance, $5.6 million was covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name (GASB credit risk category #1), $2.6 million was covered by collateral held in the pledging bank's trust department in the component unit's name (GASB credit risk category #2), and $91.1 million was uninsured and uncollateralized (GASB credit risk category #3).

Investments

The investment authority for most component units is typically found in their enabling legislations and/or their bond resolutions where applicable. Those component units which are financing authorities generally may invest in government or government backed securities and deposits. The Michigan Education Trust's investments are subject to an investment agreement with the State Treasurer which allows the Treasurer, acting as agent, to make diverse investments including stocks, bonds, notes, and other investments. Investments of the Michigan Unemployment Compensation Fund (MUCF) represent the MUCF's interest, at cost (approximates market), in a U.S. Treasury trust fund managed by the Secretary of the Treasury pursuant to Title IX of the Social Security Act, which includes deposits from the unemployment compensation funds of various states. The MUCF is credited quarterly with trust fund investment earnings only to the extent that the Fund's equity in the trust fund exceeds the balance of outstanding advances made to MUCF, as computed on a daily basis.

The following table shows the carrying amounts and market values of investments of the component units, including deposits classified as investments on the balance sheet, by investment type and in total (in millions):

	GASB Category					
	#1	#2	#3	Not Categorized	Total Carrying Value	Market Value
Deposits:						
Certificates of deposit	$ 11.7	$ --	$ 11.7	$ --	$ 23.4	$ 23.4
Government money market accounts	--	--	24.2	--	24.2	24.2
Investments:						
Commercial paper	32.8	1.8	10.1	--	44.7	45.0
Repurchase agreements	--	--	174.9	--	174.9	175.1
Government securities	48.1	1.0	541.4	--	590.5	631.7
Insured mortgage backed securities	--	--	252.7	--	252.7	263.0
Government backed securities	.9	--	44.5	--	45.4	49.8
Investment agreements	--	--	--	347.8	347.8	347.8
Corporate bonds and notes	165.8	--	--	--	165.8	189.7
Preferred stock*	301.3	--	--	--	301.3	301.3
U.S. Treasury trust fund	--	--	--	421.2	421.2	421.2
Government money market funds	--	--	--	.3	.3	.3
Mutual funds	--	--	--	1.8	1.8	1.8
Total Investments	$560.6	$ 2.8	$1,059.4	$771.1	2,394.0	$2,474.3
Less Investments Reported as "Cash" on Balance Sheet					(156.2)	
Total Investments Per Balance Sheet					$2,237.7	

*All of the preferred stock in the above table is held by the Michigan Education Trust (MET). These stocks are carried at market value, rather than cost, in accordance with the accounting methods followed by public entity risk pools. The gross unrealized gain on these stocks ($56.2 million) less allowances for federal income taxes ($19.5 million) is reflected on the balance sheet as a separate component of fund equity ($36.7 million). This compares to an unrealized gain in last year's statements of $30.6 million. The change in net unrealized gain or loss ($6.1 million gain) does not affect the net income or retained earnings of the fund.

NOTE 9 – MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable reported in the enterprise fund group consist of the following (in millions):

	Mortgages and Loans Receivable (Gross)	Unamortized Discount and Deferred Loan Origination Fees	Allowance for Possible Losses	Mortgages and Loans Receivable (Net)
Michigan Higher Education Student Loan Authority	$ 329.9	$ (3.3)	$ –	$ 326.6
Michigan Higher Education Assistance Authority	1.8	–	(1.0)	.8
Michigan Strategic Fund	35.3	–	(12.4)	22.9
Michigan State housing Development Authority	1,824.6	(18.6)	(27.5)	1,778.5
	$ 2,191.5	$ (21.9)	$ (40.8)	$ 2,128.8

In prior years, the Michigan State Hospital Finance Authority had significant amounts of loans receivable ($1,495.0 million, net, at June 30, 1992.) This year, no such amounts are recorded because all receivables are now handled by outside trustees.

The Michigan State Housing Development Authority had loan commitments outstanding at June 30, 1993 of $52.8 million.

Mortgages held as investments by pension trust funds ($780.6 million) are reflected as long-term investments.

NOTE 10 – PROPERTY, PLANT, AND EQUIPMENT

Proprietary Funds

Classification: The following table summarizes, by major class of asset, the recorded costs of fixed assets included in proprietary funds, as of September 30 (in millions):

Classification	Enterprise Funds	Internal Service Funds
Land	$ 12.6	$ –
Buildings and Equipment	83.5	114.6
Construction in Progress	–	4.4
Total	96.2	119.0
Allowance for Depreciation	(42.5)	(59.4)
Net Property, Plant, and Equipment	$ 53.7	$ 59.7

Depreciation: Depreciation methods and useful life estimates used for buildings and equipment vary between the different funds and component units. The estimated service lives of the respective assets range from 3 to 60 years for buildings and 2 to 25 years for equipment. Several funds and component units in the proprietary and pension trust fund classes do not capitalize and depreciate their fixed assets if the asset costs are insignificant in comparison to total operating costs.

Note 10 continued on next page.

General Fixed Assets

Changes by Classification: The following table summarizes, by major class of asset, the changes in recorded costs for the General Fixed Assets Account Group (in millions). Increases and decreases in general fixed assets which resulted from current fiscal year transactions are reflected in the additions and deletions columns. The adjustments and reclassifications column includes the reclassification of completed construction projects from construction in progress to land and buildings and various other adjustments.

Classification	Balance September 30, 1992	Additions	Deletions	Adjustments and Reclassifications	Balance September 30, 1993
Land	$ 235.8	$ 1.0	$ 1.8	$ 1.4	$ 236.4
Buildings	1,879.3	24.3	46.6	84.9	1,941.9
Equipment	508.3	70.1	26.7	13.6	565.3
Construction in Progress	99.3	26.4	–	(86.7)	38.9
Total General Fixed Assets	$ 2,722.7	$ 121.7	$ 75.1	$ 13.2	$ 2,782.5

Funding Source: The following summarizes the funding source of the investment in general fixed assets as of September 30 (in millions):

Fund	Investment
General Fund	$ 1,823.2
Special Revenue Funds:	
Transportation Related	180.4
Conservation and Recreation Related	57.2
Regulatory and Administrative Related	41.3
Mackinac Bridge Authority	3.4
Capital Projects Funds	677.0
Total Investment in General Fixed Assets	$ 2,782.5

Construction in Progress: As of September 30, 1993, the State had several construction projects in progress. The estimated cost, amount authorized, and amount expended for these projects totalled $204.7 million, $194.9 million, and $38.9 million, respectively.

In addition to the projects noted above, the State has planned other construction projects which were unfunded as of September 30, 1993. The costs of these projects, as well as the unfunded portion of projects currently in progress, will be funded from future years' resources.

NOTE 11 – PENSION BENEFITS AND OTHER POSTEMPLOYMENT BENEFITS

PENSION BENEFITS:

The State of Michigan makes legally required contributions to the following pension plans (except MERS). The contributions to the Public School Employees' Retirement System and for probate judges in the Judges' Retirement System are non-employer contributions to cost-sharing multiple-employer pension systems. The contributions to all other systems are employer contributions to single-employer defined benefit systems. Each system is accounted for in a separate fund.

- Legislative Retirement System (LRS)
- State Police Retirement System (SPRS)
- State Employees' Retirement System (SERS)
- Public School Employees' Retirement System (PSERS)
- Judges' Retirement System (JRS)
- Military Retirement Plan (MRP) *
- Municipal Employees' Retirement System (MERS)

* As explained more fully under its plan description below, the State makes no actuarially computed contribution to the Military Retirement Plan (MRP). It's benefits, which are funded on the pay-as-you-go basis, are paid from the General Fund.

For each plan described below, the Legislature establishes the extent to which the employer and employees are required to make contributions and establishes the benefit provisions. The Office of Retirement issues more detailed financial reports for each of the plans except for the MRP.

Note 11 continued on next page.

DESCRIPTION OF PLANS

Legislative Retirement System - Plan membership - This system covers substantially all State legislators. Plan benefits - Members may retire at age 55 with 5 or more years of credited service, or at 55 with specified combinations of full or partial terms of office. Deferred allowance can be vested after 5 years of credited service, with benefits beginning at age 55. The plan has provisions for disability allowances and death in service payments to beneficiaries. Funding requirements - Members are required to contribute 9% of current compensation. The State's participation is provided by the General Fund and a portion of court fees.

State Police Retirement System - Plan membership - This system covers members of the Michigan State Police. Plan benefits - Members may retire with 25 years of service. Deferred benefits are vested after 10 years of service, with benefits beginning at age 50. The plan also provides for duty and non-duty disability retirement, as well as death benefits to beneficiaries. Funding requirements - The system is non-contributory, with the State's contribution provided by the General Fund.

State Employees' Retirement System - Plan membership - This system is a statewide pension plan covering all State employees who are not covered by other systems. Plan benefits - A member may retire after attaining age 55 with 30 or more years of credited service, or after attaining age 60 with 10 or more years of credited service. A member may retire early with a reduced retirement allowance after attaining age 55 with 15 or more years of credited service. Members eligible for supplemental benefits may retire at age 51 with 25 or more years of service, or at 56 with 10 or more years of service. The plan also has provisions for a vested deferred allowance after 10 years of service, as well as duty and non-duty disability and death-in-service provisions. A deferred retirement is available after 5 years of service for State employees occupying unclassified positions in the executive and legislative branches. Funding requirements - The system became non-contributory in 1974. The majority of the plan's contributions are provided by the General and Special Revenue Funds.

Public School Employees' Retirement System - Plan membership - This system is a statewide pension plan covering all public education employees except those at six institutions of higher education and employees of other institutions of higher education who elect coverage by another retirement program. Plan benefits - P.A. 91 of 1985 provided for employees to make a one-time irrevocable decision to join a "member investment plan." This option requires employee contributions and provides for early retirement and more liberal retirement benefits. Employees hired after December 31, 1989 must join the "member investment plan." Under the normal plan, a member may retire after attaining age 55 with 30 or more years of service, or at age 60 with 10 or more years of service. An early retirement with reduced benefits is available at age 55 with 15 or more years of service. The plan provides for a deferred allowance with vesting after 10 years, duty and non-duty disability and death-in-service provisions. Funding requirements - The system became non-contributory in 1974 and since 1990 has required all new members to contribute at various rates to the "member investment plan." The majority of the plan's employer contributions are provided by the School Aid Fund and the schools which employ the plan's members.

Judges' Retirement System - Plan membership - Public Act 234 of 1992 merged the Probate Judges' Retirement System into the Judges' Retirement System as of October 1, 1992. The Judges' Retirement System is a statewide plan which covers substantially all judges and probate judges in Michigan's judicial branch of government. The JRS also includes the Governor, Lieutenant Governor, Secretary of State, Attorney General (all elected), Legislative Auditor General, and the Court Administrator. Plan benefits - A member may retire after attaining age 60 with 8 or more years of credited service, or at age 55 with 18 or more years of service. To retire at 55, members of the JRS must have 6 years of continuous service prior to retirement. Additionally, members of the JRS may retire at any age if credited with 25 years of service, six of which are continuous up to retirement. The plan provides for deferred retirement with vesting after 8 years of credited service, as well as disability and death-in-service provisions. Funding requirements Members of the JRS contribute between 3 1/2% and 7% of salary. Non-trial judges and elected state officials contribute 5% of salary. The State's employer contribution under both plans is funded by the General Fund and a portion of court fees.

Military Retirement Plan - Plan membership - This retirement plan covers all members of the Michigan National Guard and full-time state special duty military personnel employed by the Department of Military Affairs. Plan benefits - Benefits of $50 per month are payable to Michigan National Guard personnel beginning at age 55 with 20 or more years of service. Surviving spouses of retirees receiving the $50 per month benefit are entitled to a continuing $25 per month allowance. Full-time state special duty military personnel employed by the Department of Military Affairs receive retirement benefits equal to those authorized for personnel of like grade, rank and longevity who are retired from the active federal armed forces. This retirement benefit is calculated at 2.5% of final annual base compensation times years of service up to a maximum of 75% of annual base compensation. This benefit is offset by federal military retirement benefits and both are increased annually based on federal cost-of-living adjustments for military retired pay. Surviving spouses are entitled to 50% of the retiree's benefit. Funding requirements - the plan is non-contributory with the State's contribution provided by the General Fund on a pay-as-you-go basis.

Note 11 continued on next page.

Municipal Employees' Retirement System - The State administers the Municipal Employees' Retirement System (MERS), an agent multiple-employer pension plan which provides retirement and associated benefits to employees of 433 local units of government within the State. As an agent, the State provides no funding and has no liability for benefits, but must exercise due care in administering the plan on behalf of its members. Employer contribution requirements are actuarily determined for each participating unit of government and, accordingly, individual employer contribution rates and funding status will vary from municipality to municipality.

Plan Membership Data

Plan Membership	LRS	SPRS	SERS	PSERS	JRS	MRP	MERS
Current active:							
Vested	81	1,266	35,944	121,910	354	1,855	13,568
Nonvested	67	619	27,962	174,675	257	12,257	20,433
Retirees & beneficiaries receiving benefits	188	1,642	29,175	93,574	434	1,322	11,617
Terminated members with vested deferred benefits	50	19	4,359	6,897	25	541	1,855

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Market Value of Investments

The table below discloses the carrying value on the balance sheet and market value as of September 30, 1993 of each pension plan's investments. All amounts are in millions.

	Investments	
Systems	Carrying Value	Market Value
Legislative Retirement System	$ 72.1	$ 87.3
State Police Retirement System	483.5	555.8
State Employees' Retirement System	4,576.3	5,268.7
Public School Employees' Retirement System	15,791.8	18,180.7
Judges' Retirement System	172.7	197.5
Military Retirement System	--	--
Municipal Employees' Retirement System	1,728.9	1,974.6
	$22,825.4	$26,264.6

Asset Valuation - The assets of the pension systems are valued differently for determination of the unfunded pension obligation than for balance sheet purposes (cost). Until 1991-92, for determining the unfunded pension obligation, the assets of all systems except MRP and MERS were valued at their historical cost at September 30, 1987, or date of acquisition if acquired subsequent to September 30, 1987, adjusted by 20% of the unrealized gains or losses incurred in each of the five years since the fiscal year they were acquired. However, for 1992-93, valuation assets of all systems except MRP and MERS were equal to valuation assets as of September 30, 1992, with subsequent differences between total investment income and projected investment income (actuarial assumption) being spread over a five year period. This change had the effect of increasing the actuarial value of assets by $228.7 million in PSERS, $84.8 in SERS, $4.7 in SPRS and $1.4 in JRS. The change also decreased the actuarial value of assets in LRS by $1.3 million.

Other Investment Information - No investment of any of the pension plans comprises 5% or more of the net assets available for benefits. There are no significant investments made in securities issued by the State, nor are there any loans made from the pension plans to the State. Additional disclosures concerning investments are provided in Note #8 and concerning State Treasurer's Common Cash in Note #5.

FUNDING STATUS AND PROGRESS

Actuarial Cost Methods and Assumptions

Cost methods - All systems except MERS (which uses the "attained age" method) use the "entry age" method which allocates a higher percent of the total cost to past service cost ("unfunded actuarial accrued liabilities") and a lower percent to current service costs ("normal cost") than does the "attained age" method. Contributions are based upon the "level percentage of payroll" method of funding. The SPRS's death and disability benefits are funded using a one-year terminal funding method.

Note 11 continued on next page.

The following assumptions were used in the actuarial valuations:

System	Rate of Return - Investment of Current and Future Assets	Projected Salary Increases		
		Merit	Seniority	Inflation
	% Compounded Annually	%	%	%
LRS	7.0	–	–	4.0
SPRS	8.5	–	–	6.5
SERS	9.6*	(Combined 0.2-5.8)		5.0
PSERS	9.1*	(Combined 0.1-3.5)		5.0
JRS	8.0	(Combined 0.5)		5.0
MRP	N/A	N/A	N/A	N/A
MERS	8.0	–	–	5.5

*Declining to 8% over 4 years

Pre- and post-retirement life expectancies of participants in all systems are based upon the 1971 Group Annuity Mortality Table set back 5 years (seven years in SPRS) for females. Also considered in the valuations were the rates of non-death withdrawal from active service before retirement, rates of disability, and expected retirement ages. The only changes in actuarial assumptions involved the SERS' and PSERS' projected rate of return on investments where the yearly incremental decrease toward 8.0% was made.

The statutes governing the SERS and the PSERS provide for an annual distribution to retirees and retirement allowance beneficiaries on record at the end of each fiscal year if the earnings on plan assets exceed an 8% return after certain post retirement C.O.L.A.'s have been considered. No distribution was made in 1992-93.

The actuarial assumptions used in computing the pension benefit obligation are the same as those used to determine the GAAP required contribution. While the GAAP required contribution for all funds was determined using a 40-year period for amortizing prior service costs, the actual contributions are governed by statutes which require amortization over the following years: SPRS 44 years, declining, SERS and PSERS - 50 years, LRS and JRS - 40 years.

Date of actuarial valuation - Valuations for all systems are as of 9/30/93 except for MRP which is a September 30, 1992 valuation and MERS which is a December 31, 1992 valuation.

Pension Benefit Obligation (PBO)

The Pension Benefit Obligation is the actuarial present value of credited projected benefits. It measures the present value of pension benefits, adjusted for projected salary and step increases, estimated to be payable in the future as a result of employee service rendered to date. The pension benefit obligation, net assets available for benefits, and unfunded pension obligation (all net of OPEB) are provided to assist readers in assessing funding status on a going-concern basis, assess progress in accumulating assets sufficient to pay benefits when due, and to allow for comparison of the State of Michigan's pension plans with each other and with those of other governmental units.

Note 11 continued on next page.

Changes and Their Effect on the Pension Benefit Obligation

Benefit provisions - There were no changes in benefit provisions during 1992-93 which affected the pension benefit obligation.

Actuarial assumptions - In the LRS an actuarial change to reflect constitutional term limits increased the PBO by $4.1 million. There were no other changes in actuarial assumptions during 1992-93 which affected the pension benefit obligation.

	September 30, 1993			
(Amounts are in millions)	LRS	SPRS	SERS	PSERS
Pension benefit obligation - noncurrent employees:				
Current retirees and beneficiaries	$ 39.4	$ 330.6	$ 2,561.4	$ 9,177.4
Terminated vested participants	14.4	1.8	91.1	151.6
Total	$ 53.8	$ 332.5	$ 2,652.5	$ 9,329.0
Pension benefit obligation - current employees:				
Member contributions	$ 4.2	$ 2.1	$ 71.7	$ 1,700.2
Employer financed vested	22.2	310.6	2,515.5	9,899.0
Employer financed nonvested	2.2	28.5	326.8	760.6
Total employer financed	24.4	339.1	2,842.4	10,659.6
Total	$ 28.6	$ 341.2	$ 2,914.1	$12,359.8
Pension benefit obligation	$ 82.4	$ 673.7	$ 5,566.6	$21,688.7
Net assets (at cost) available for benefits	$ 74.8	$ 490.9	$ 4,608.9	$15,592.3
Asset valuation adjustment	6.1	40.0	435.0	1,406.6
Valuation assets	$ 80.9	$ 530.9	$ 5,043.9	$16,998.9
Unfunded pension benefit obligation:				
Assets at balance sheet value (cost)	$ 7.6	$ 182.8	$ 957.7	$ 6,096.4
Assets at valuation values	$ 1.5	$ 142.8	$ 522.7	$ 4,689.9

(Amounts are in millions)	JRS	MRP	TOTAL	MERS
Pension benefit obligation - noncurrent employees:				
Current retirees and beneficiaries	$ 89.2	$ 14.4	$12,212.3	$ 723.4
Terminated vested participants	4.0	2.2	265.2	38.4
Total	$ 93.2	$ 16.6	$12,477.5	$ 761.8
Pension benefit obligation - current employees:				
Member contributions	$ 28.9	$ –	$ 1,807.2	$ 216.9
Employer financed vested	55.2	6.5	12,809.1	771.0
Employer financed nonvested	16.4	3.7	1,138.2	124.0
Total employer financed	71.6	10.3	13,947.3	895.0
Total	$ 100.5	$ 10.3	$15,754.5	$ 1,111.8
Pension benefit obligation	$ 193.7	$ 26.8	$28,232.0	$ 1,873.6
Net assets (at cost) available for benefits	$ 175.8	$ –	$20,942.8	$ 1,708.0
Asset valuation adjustment	13.3	–	1,901.0	–
Valuation assets	$ 189.1	$ –	$22,843.7	$ 1,708.0
Unfunded pension benefit obligation:				
Assets at balance sheet value (cost)	$ 17.8	$ 26.8	$ 7,289.2	$ 165.6
Assets at valuation values	$ 4.6	$ 26.8	$ 5,388.3	$ 165.6

Note 11 continued on next page.

CONTRIBUTIONS

GAAP Funding Requirements and Contributions Actually Made - The actuarially computed contributions required to fund normal (current) pension costs and to amortize unfunded actuarially accrued pension liabilities (UAAL) are shown compared to the actual funding provided (amounts in millions):

			CONTRIBUTIONS					
		Active Member Payroll***	Required Employer		Actual Employer		Actual Employee	
System			%	Amount	%	Amount	%	Amount
LRS:	Normal		34.54%	$ 2.4				
	UAAL		(1.48)	(.1)				
	Total	$ 6.8	33.06%	$ 2.3	36.03%	$ 2.5	6.66%	$ .5
SPRS:	Normal		20.52%	$ 18.5				
	UAAL		6.00	5.4				
	Total	$ 90.3	26.52%	$ 24.0	25.46%	$ 23.0	-- %	$ --
SERS:	Normal		8.25%	$186.3				
	UAAL		1.67	37.7				
	Total	$2,257.8	9.92%	$224.0	10.94%	$247.0	-- %	$ --
PSERS:	Normal		6.61%	$463.7				
	UAAL		2.67	187.3				
	Total	$7,014.7	9.28%	$651.0	8.73%	$612.3	2.77%*	$194.1
JRS:	Normal		15.76%	$ 7.0				
	UAAL		.33	.1				
	Total	$ 44.2	16.09%.	$ 7.1	17.40%	$ 7.7	6.03%	$ 2.7
MRP:	Normal		351.30%	$ 1.4				
	UAAL		257.30	1.0				
	Total	$ .4	608.60%	$ 2.4	425.00%	$ 1.7	-- %	$ --
MERS**	Total	$ 852.4	7.57%	$ 64.5	7.57%	$ 64.5	2.56%	$ 21.8

*For those members who elect to participate in the "Member Investment Plan," the rate is 3.9%. Members hired after December 31, 1989 are required to participate in the "Member Investment Plan," and their contribution rate varies from 3.0-4.3% as salary increases.

**Required and actual employer contributions are not calculated separately for normal cost and amortization of UAAL for MERS as it is an agent multiple-employer plan with 433 participating municipalities having various fiscal year ends and funding levels. Active member payroll is for the year ended December 31, 1992.

***Active member payroll approximates total current year payroll.

The difference between the required employer's contribution and the actual amount contributed is recorded in the general long-term obligations account group.

Changes and their Effect on Required Contributions

There were no actuarial or other changes that affected the GAAP required contributions during fiscal year 1992-93.

Statutory Funding Requirements - Actual total contributions for pensions met or exceeded the contributions required by state law except for a deficiency of $23.3 million in the PSERS and $0.9 million in the SPRS.

The statutory annual reconciliation process in the PSERS requires actuarial shortages to be funded in the following year. P.A. 158 of 1992 provided for funding under a five year smoothing method (including interest) which reduced the 1992-93 funding requirement by $24.9 million.

Note 11 continued on next page.

THREE YEAR HISTORICAL TREND INFORMATION

The table below provides information about progress made in accumulating sufficient assets to pay benefits when they become due. Dollar amounts in millions.

	Fiscal Year	Net Assets Available For Benefits	Pension Benefit Obligation (P.B.O.)	Percent Funded	Unfunded (Overfunded) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Overfunded) P.B.O. As % of Covered Payroll	Employer Contribution	Employer Contribution As % of Covered Payroll
LRS									
	1990-91	$ 62.1	$ 68.9	90.1%	$ 6.8	$ 6.8	100.1%	$ 2.3	33.82%
	1991-92	68.1	72.0	94.6	3.9	6.7	58.7	2.4	36.36
	1992-93	74.8	82.4	90.7	7.6	6.8	111.9	2.5	36.03
SPRS									
	1990-91	444.1	605.3	73.4	161.3	97.9	164.7	22.2	22.63
	1991-92	464.9	654.2	71.1	189.2	94.9	199.3	20.6	21.65
	1992-93	490.9	673.7	72.9	182.8	90.3	202.4	23.0	25.46
SERS									
	1990-91	4,098.7	4,660.1	88.0	561.3	2,261.2	24.8	141.5	6.30
	1991-92	4,289.7	5,235.3	81.9	945.6	2,289.8	41.3	178.5	7.79
	1992-93	4,608.9	5,566.6	82.8	957.7	2,257.8	42.4	247.0	10.94
PSERS									
	1990-91	13,825.1	17,806.4	77.6	3,981.3	6,248.2	63.7	502.7	8.05
	1991-92	14,520.9	19,269.0	75.4	4,748.1	6,592.8	72.0	546.9	8.30
	1992-93	15,592.3	21,688.7	71.9	6,096.4	7,014.7	86.9	612.3	8.73
JRS									
	1990-91	154.1	171.6	89.8	17.6	45.3	38.8	7.9	17.49
	1991-92	164.1	179.9	91.2	15.9	43.9	36.2	8.0	18.22
	1992-93	175.8	193.7	90.8	17.8	44.2	40.4	7.7	17.40
*MRP									
	1990-91	--	26.5	--	26.5	.4	7,292.2	1.6	413.30
	1991-92	--	26.8	--	26.8	.4	7,370.0	1.7	425.00
	1992-93	--	26.8	--	26.8	.4	7,370.0	1.7	425.00
MERS									
	1990-91	1,438.5	1,397.9	102.9	(40.6)	725.7	(5.6)	15.8	2.18
	1991-92	1,570.0	1,639.3	95.8	69.3	782.9	8.9	33.3	4.25
	1992-93	1,708.0	1,873.6	91.2	165.6	852.4	19.4	64.5	7.57

***Most recent information available. Annual covered payroll for the MRP includes full time members only.**

GASB Statement 5 requires the disclosure of certain ten year historical trend information. To the extent available, this information is presented in the statistical section of this report. This information is also available from the separately issued financial reports of the retirement systems.

STATE CONTRIBUTIONS TO COST SHARING PLANS:

	Actuarially Determined Contribution		
	By State	By All Employers	State Contribution As a Percent of Total
PSERS	$275.1	$651.0	42.3%
JRS	1.6	6.6	24.2

	Actual Contributions Made		
	By State	By All Employers	State Contribution As a Percent of Total
PSERS	$232.4	$612.3	38.0%
JRS	1.6	7.7	20.8

Note 11 continued on next page.

OTHER POSTEMPLOYMENT BENEFITS:

In addition to the pension benefits previously described in this note, State statutes require that the State provide certain postemployment benefits (OPEB) to many of its retired employees. Health, dental and vision benefits as well as life insurance coverage are provided to retirees of the pension plans, which are on a pay-as-you-go basis, except for LRS life insurance coverage, as explained below. There were no material changes in the OPEB provisions during 1992-93.

LRS: Retirees, survivors and deferred vested members are provided paid dental, vision, hearing, hospital and medical coverage. The benefits are funded on the pay-as-you-go basis. Life insurance is provided and is funded on an advance-funded basis. At 9/30/93 the actuarial accrued liability for life insurance premiums was $5.1 million with net assets available for benefits of $5.3 million. The expense for life insurance premiums was $.4 million in 1992-93.

SPRS: Retirees have the option of continuing hospitalization and major medical coverage. The retiree pays 5% of health insurance premiums and the State pays 95% until age 65 when Medicare takes over (for those eligible for Medicare) and the State pays 100% of the remaining cost. Dental and vision coverage is available to retirees with 10% of the premium paid by the retiree. The State funds the health, dental, and vision insurance costs on a pay-as-you-go basis.

SERS: Retirees have the option of continuing hospitalization and major medical coverage. The retiree pays 5% of health insurance premiums and the State pays 95% until age 65 when Medicare takes over and the State pays 100% of the remaining cost. Dental and vision coverage is available to retirees with 10% of the premium paid by the retiree. The State funds the health costs on a pay-as-you-go basis. State statute requires advance funding of dental and vision cost. However, P.A. 180 of 1993 and Executive Order 1993-6 replaced that mandate with a pay-as-you-go basis funding requirement for 1992-93 and 1993-94.

PSERS: Retirees may, under P.A. 91 of 1985, continue hospitalization and major medical coverage for themselves and beneficiaries. Retirees pay the same share of costs required from Social Security retirees for part B Medicare coverage until Medicare coverage begins at age 65. Public Act 193 of 1989 also extended dental, vision, and hearing benefits to all retirees and their beneficiaries, for which retirees pay 10% of the health premiums. State statute requires advance funding of health benefits. However, P.A. 158 of 1992, P.A. 164 of 1993, and Executive Order 1993-6 replaced that mandate with a pay-as-you-go basis funding requirement for 1992-93 and 1993-94.

JRS: Non-trial court judges and participating elected officials may choose to have hospitalization and major medical coverage continued by contributing an additional 1.5% of pay and paying 5% of health insurance premiums until Medicare coverage begins at age 65. The State also provides life insurance coverage for retirees, spouses, and children. The State's 90% funding of health insurance and the funding of life insurance benefits is on the pay-as-you-go basis.

MERS and MRP: There are no statutes that provide for OPEB.

Other Postemployment Benefits - Pay-As-You-Go

	LRS		SPRS		SERS	
	Fiscal Year Ended September 30,		Fiscal Year Ended September 30,		Fiscal Year Ended September 30,	
	1993	1992	1993	1992	1993	1992
Participants eligible for benefits	188	175	1,642	1,551	29,175	28,856
Expense for year (in millions)	$1.5	$1.0	$10.8	$8.6	$134.2	$98.4
Net assets available for benefits	--	--	--	--	42.5	47.3

	JRS		PSERS		TOTAL	
	Fiscal Year Ended September 30,		Fiscal Year Ended September 30,		Fiscal Year Ended September 30,	
	1993	1992	1993	1992	1993	1992
Participants eligible for benefits	21	20	93,574	90,223	124,600	120,825
Expense for year (in millions)	$.1	$.1	$235.8	$213.8	$382.4	$321.9
Net assets available for benefits	--	--	365.5	403.5	408.0	450.8

NOTE 12 – COMPENSATED ABSENCES

Plan Descriptions: Employees accumulate annual leave (vacation) balances to a maximum ranging from 240 to 300 hours. They receive a 100% termination payment upon separation based upon their final rate of pay. Employee sick leave balances accumulate without limit. Termination payments are made only upon separation from State service and only to employees hired prior to October 1, 1980. Payments at retirement or death are based on 50% of the employee's sick leave accumulation times their last rate of pay. When separating for any other reason, employees are paid a percentage of their unused sick leave which increases from 0 to 50% depending upon the balance of their sick leave hours.

Accounting Policy: The State has accrued liabilities for compensated absences as required by the GASB. Annual leave is valued at 100% of the balance plus the State's share of social security and retirement contributions. Sick leave is valued, as explained above, at 0 to 50% plus the State's share of social security contributions. The pay rates in effect as of October 1, 1993 are used. Liabilities related to proprietary fund types are recorded in the funds. Liabilities related to governmental fund types are considered "due and payable" and recorded in the fund only for separations or transfers that occur before year-end. The balance of the governmental fund liabilities are recorded in the General Long-Term Obligations Account Group.

The following table summarizes compensated absences liabilities as of September 30 (in millions):

FUND GROUP	ANNUAL	SICK	TOTAL
Enterprise	$ 4.3	$ 5.4	$ 9.7
Internal Service	2.1	2.1	4.2
General Long-Term Obligations	217.7	220.4	438.1
	$224.1	$227.9	$452.0

NOTE 13 – LEASES

The State leases various assets under noncancelable leasing arrangements. Leases which constitute rental agreements are classified as "operating" leases and the resulting expenditures are recognized as incurred over the lease term. Leases which are, in substance, purchases are classified as "capital" leases and the resulting assets and liabilities are recorded at lease inception. For capital leases in governmental funds, "other financing sources" and "expenditures" are also recorded at lease inception. Lease payments are recorded as "debt service" expenditures. (As explained in Note #3, for budgetary purposes lease payments are only reported as expenditures when paid.)

Most leases have cancellation clauses with 1-6 month notice requirements in the event that funding is not available. For reporting purposes, such cancellation clauses are not considered in the determination of whether a lease is cancelable because the likelihood that such clauses will be exercised is considered remote.

Some lease agreements include renewal or purchase options. The effect of such options is reflected in the minimum lease payments only if it is considered reasonably assured that the option will be exercised. Some lease agreements include escalation clauses or other contingent rentals.

The State has entered into a few installment purchase agreements. Because the amounts involved are immaterial, and the accounting treatment is similar, such agreements are reported together with capital leases.

Leases which exist between the State and the State Building Authority are not recorded as leases for financial reporting purposes. For reporting purposes, the leases are eliminated and the liabilities of the Authority are included in the general long-term obligations account group or reported as fund liabilities in the case of proprietary type funds. Future payments to the Authority are, therefore, not included in the schedules of lease commitments below. Note #14 provides information on the amount of the Authority's bonds outstanding and a schedule of debt service requirements.

Note 13 continued on next page.

Governmental Fund Types

Rental expenditures incurred under operating leases totalled $26.5 million during the fiscal year. Payments for capital lease principal, interest, and executory costs totalled $17.3 million, $22.0 million, and $3.6 million, respectively.

A summary of the noncancelable operating and capital lease commitments to maturity follows (in millions):

		Capital Leases			
Year Ended September 30	Operating Leases	Principal	Interest	Executory Costs	Total
1994	$24.3	$ 14.3	$ 20.2	$ 3.8	$ 38.2
1995	19.7	12.5	18.6	3.6	34.7
1996	15.3	12.0	17.1	3.6	32.7
1997	11.8	11.4	15.7	3.6	30.7
1998	5.9	9.9	14.7	3.5	28.0
1999-2003	7.6	42.0	56.5	14.8	113.3
2004-2008	.2	46.2	29.5	14.1	89.9
2009-2013	.1	21.4	3.6	5.9	30.9
Total	$84.9	$169.7	$175.9	$52.8	$398.4

All of the above capital leases are related to governmental fund operations and the total $169.7 million of capital lease principal is recorded as part of the General Long-Term Obligations Account Group.

The historical cost of assets acquired under capital leases included in the General Fixed Assets Account Group at September 30 follows (in millions):

Buildings	$213.3
Equipment	7.6
Total	$220.9

Note 13 continued on next page.

Proprietary Fund Types

Rental expense incurred under operating leases totalled $20.8 million during the fiscal year. Payments for capital lease principal and interest totalled $5.4 million and $.7 million, respectively.

A summary of the noncancelable operating and capital lease commitments to maturity follows (in millions):

Year Ended September 30	Operating Leases	Capital Leases Principal	Capital Leases Interest	Capital Leases Total
1994	$ 5.8	$2.7	$ .4	$3.1
1995	1.8	1.4	.3	1.7
1996	1.3	1.1	.2	1.3
1997	1.2	.7	.1	.8
1998	.9	.3	.1	.4
1999-2003	1.4	.9	.2	1.1
2004-2008	--	--	.1	.2
2009-2012	--	--	--	--
Total	$12.3	$7.1	$1.5	$8.6

All of the above capital leases are related to proprietary fund operations and the capital lease principal is recorded as a liability in the respective funds as follows (in millions):

Enterprise Funds	$4.1
Internal Service Funds	3.0
Total	$7.1

The assets acquired under capital leases are recorded as fund assets as follows (in millions):

	Enterprise Funds	Internal Service Funds
Buildings	$3.1	$ --
Equipment	1.8	19.2
Total	5.0	19.2
Accumulated Depreciation	2.8	10.7
Net Buildings and Equipment	$2.2	$ 8.5

NOTE 14 – GENERAL LONG-TERM OBLIGATIONS

A. Bonded Debt

General Obligation Bonded Debt

Article 9, Section 15, of the 1963 State Constitution authorizes general obligation long-term borrowing, subject to approval by the Legislature and a majority of voters at a general election. In addition, debt may be incurred without voter approval for the purpose of providing loans to school districts. General obligation notes to provide temporary financing for such loans are recorded as liabilities in the School Bond Loan Fund (a special revenue fund). The $34.6 million of such notes outstanding at year-end are not included in the amounts shown in the tables below. Subsequent to year-end, $41.0 million of new notes were issued to refinance these notes and provide additional financing. General Fund appropriations are made to finance debt principal and interest requirements for all general obligation issues. General obligation bonds are backed by the full faith and credit of the State.

The Constitution provides that the Legislature may also authorize the issuance of general obligation short-term notes, the principal amount of which may not exceed 15% of undedicated revenues received in the preceding year. The Constitution also provides that such notes must be repaid within the fiscal year of the borrowing. On February 25, 1993, the State issued general obligation notes aggregating $900.0 million which were repaid by September 30, 1993. The proceeds of the borrowings were used to meet cash flow requirements, primarily related to school aid distributions and income tax refunds.

Revenue Dedicated Bonded Debt

State Funds: Long-term bonds have been issued periodically for specific purposes, with the stipulation that financing of debt requirements is to come strictly from designated revenue sources. The transportation related debt is payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the Michigan Constitution. The State's general credit does not support such issues.

Commercial paper notes have been issued by the Michigan Underground Storage Tank Financial Assurance Authority to provide temporary financing for the activities of the Michigan Underground Storage Tank Financial Assurance Fund. The $57.0 million of commercial paper notes outstanding are recorded as liabilities of the fund and are not included in the amounts shown in the table below. The notes are a limited obligation of the authority and do not represent a general obligation of the authority or the State.

State Building Authority: Revenue bonds have been issued by the State Building Authority to acquire and/or construct various facilities for use by the State or institutions of higher education. Revenue bonds have also been issued to finance equipment capital lease refinancings and acquisitions. Commercial paper notes have been issued to provide temporary financing for the various activities of the authority prior to bonding. The $35.9 million of commercial paper notes outstanding at year-end are recorded as liabilities in the authority's special revenue fund ($4.1 million) and capital projects fund ($31.8 million) and are not included in the amounts shown in the tables below. The authority issued an additional $11.6 million of commercial paper notes subsequent to September 30, 1993. These bonds and notes are limited obligations of the authority and do not constitute general obligations of the authority or the State. The debt requirements of the bonds are financed through General Fund appropriations, excess bond proceeds, and investment earnings.

Note #15 provides disclosures regarding the bonds and notes payable of the funds and component units in the enterprise fund group.

Bonds Issued and Outstanding

General obligation and revenue dedicated bonds issued and outstanding (excluding defeased bonds) at September 30 (in millions) are as follows:

			MATURITIES		AVERAGE
GENERAL OBLIGATION BONDED DEBT	AMOUNTS ISSUED	OUTSTANDING 9/30/93	FIRST YEAR	LAST YEAR	INTEREST RATE PERCENTAGE
Water Pollution:					
Series III	$ 50.0	$ 12.0	1979	1999	4.43
Series IV	80.0	12.0	1973	1999	4.34
Series VI	70.0	6.0	1974	1998	4.56
Series VIII	33.0	9.0	1987	1994	9.15
Recreation and Environmental Protection (1):					
Series 1989	74.9	77.4	1991	2019	6.92
Great Lakes Protection Fund Bond - 1989	25.0	15.8	1990	1996	6.76
HOST Series I	.9	.4	2005	2005	3.00-14.375
Series 1992	246.3	247.9	1993	2012	6.15
College Savings Bonds - Series 1992 Minibonds	.4	.5	2012	2012	6.50
Series 1992 A (2)	13.9	13.9	1994	2012	6.173
TOTAL GENERAL OBLIGATION BONDED DEBT	594.6	395.0			

Note 14 continued on next page.

			MATURITIES		AVERAGE INTEREST RATE PERCENTAGE
REVENUE DEDICATED BONDED DEBT	AMOUNTS ISSUED	OUTSTANDING 9/30/93	FIRST YEAR	LAST YEAR	
State Funds:					
Tax Dedicated Bonds:					
Michigan Comprehensive Transportation:					
Series 1985 (Series B Refunding)	57.8	13.9	1985	2000	8.53
Series 1986 (Refunding)	103.5	28.0	1986	2014	7.65
Series 1988 (Series I and II Refunding)	105.1	49.6	1991	2011	7.30
Series 1992 (Series A and Series B Refunding)	165.0	165.0	1996	2022	5.96
State Trunkline Fund Bonds:					
Series 1984	50.0	4.8	1987	1995	9.53
Series 1986 (Refunding)	105.6	89.1	1987	1999	7.34
Series 1989 (Series A)	135.7	69.2	1994	2019	6.97
Series 1989 (Series B Refunding)	9.2	5.2	1992	1995	6.97
Series 1992 (Series A and Series B Refunding)	353.2	355.8	1999	2021	6.16
TOTAL REVENUE DEDICATED BONDED DEBT - STATE FUNDS	1,085.5	780.5			
State Building Authority:					
1989 Revenue Bonds - Series A	19.3	2.0	1990	1994	6.35
1990 Revenue Bonds - Series II	218.9	206.6	1991	2009	6.39
1991 Revenue Bonds - Refunding Series I	296.0	289.7	1992	2021	6.26
1991 Revenue Bonds - Series II	197.8	193.6	1992	2021	6.26
1992 Revenue Bonds - Series I	208.6	208.6	1995	2010	5.39
1992 Revenue Bonds - Series A	16.1	16.1	1994	1997	3.62
1992 Revenue Bonds - Series IIA	37.7	37.7	1994	2012	5.99
1992 Revenue Bonds - Series IIB	7.5	7.5	1994	1997	5.42
1993 Revenue Bonds - Refunding Series I	491.5	491.5	1994	2016	4.58
TOTAL STATE BUILDING AUTHORITY BONDED DEBT (3)	1,493.4	1,453.1			
TOTAL REVENUE DEDICATED BONDED DEBT	2,578.8	2,233.7			
TOTAL GENERAL OBLIGATION AND REVENUE DEDICATED BONDED DEBT	$3,173.5	$2,628.6			

(1) General obligation bonds for recreation and environmental protection purposes totalling up to $800 million were authorized by the voters in 1986. Through September 30, 1993, $361.6 million of such bonds had been issued, leaving remaining authorization of $438.4 million.

(2) The $13.9 million Series 1992A Recreation and Environmental Protection General Obligation Bond was used to provide a contribution of capital to the Water Pollution Control Loan Fund. An outside trustee for the fund is holding the bond as an investment of the fund; no immediate cash proceeds were provided. The trustee receives the debt service payments on the bond, which is a negotiable instrument being held to subsidize water pollution control financing being provided by the Michigan Municipal Bond Authority.

(3) A portion of the Series 1989 A State Building Authority bond issue ($.5 million) was used for financing equipment in the Information Technology Revolving Fund and, therefore, was recorded in that fund rather than the General Long-Term Obligations Account Group. A portion of the Series 1992 A State Building Authority bond issue was used for financing equipment in the Information Technology Revolving Fund ($.2 million) and in the State Lottery Fund ($2.3 million). These amounts are recorded as liabilities in the respective funds rather than in the General Long-Term Obligations Account Group.

Note 14 continued on next page.

Capital Appreciation Bonds

Capital appreciation and convertible capital appreciation bonds are recorded in the preceding table at their accreted year-end book value. The tables which follow summarize capital appreciation bonds (in millions):

	ACCRETED BOOK VALUE	ULTIMATE MATURITY VALUE	MATURITY DATES
General Obligation Bonds:			
Series 1989	$28.8	$59.7	2011
HOST - Series I	.4	.6	2005
Series 1992	20.9	42.3	2012
College Savings Bonds - Series 1992 Minibonds	.5	1.8	2012
Revenue Dedicated - State Funds:			
Michigan Comprehensive Transportation - Series 1985	8.4	12.2	1995 - 2000
Michigan Comprehensive Transportation - Series 1988 - II	19.4	47.8	1998 - 2010
State Trunkline - Series 1989 A	14.5	35.7	2004 - 2009
State Trunkline - Series 1992 A and B	37.2	97.7	2005 - 2012

Advance Refundings and Defeasances

The State has defeased certain bonds by placing the proceeds of new bonds (i.e., the "refunding" bonds in the table of bonds issued and outstanding) in irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not recorded as assets or liabilities in these statements and are not included in the other debt tables in this note.

The following table summarizes the defeased bonds outstanding at September 30 (in millions):

	Amount Outstanding
School Bond Loan Bonds - Series VI	$ 3.0
Michigan Comprehensive Transportation:	
Series 1979 A	$ 9.4
Series 1984	54.5
Series 1985 (partial)	35.4
Series 1986 (partial)	48.2
Series 1988-I (partial)	60.9
Total	$208.3
State Trunkline Fund Bonds:	
Series 1984 (partial)	$ 23.3
Series 1986 (partial)	6.5
Series 1989 A (partial)	69.9
Series 1989 B (partial)	3.7
Total	$103.3
State Building Authority:	
1982 Series III	$ 19.3
1984 Series I	64.8
1986 Series I	182.3
1986 Series II	29.1
1986 Series III	36.2
1987 Series I	51.6
1987 Series II	63.5
1988 Series I	63.0
1988 Series II	62.6
1989 Series I	144.5
1990 Series I	125.2
Total	$842.1

Note 14 continued on next page.

During this fiscal year, the State Building Authority issued $491.5 million of revenue refunding bonds, which were used to defease $514.2 million of bonds according to the table below. The average interest rate on the bonds is 4.582%.

Refunded Bond Issues	Defeased Amount (In Millions)	Average Interest Rate
1986 Series I	$182.3	7.028%
1988 Series II	62.5	6.825
1989 Series I	144.2	7.145
1990 Series I	125.2	6.621
Total	$514.2	

The entire proceeds, consisting of $497.7 million (net of $17.8 million in original issue premium, underwriting fees, and other issuance costs), plus an additional $85.3 million of refunded bond monies were used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bond issues. As a result, the refunded bond issues listed above are considered to be defeased in substance and the liability for those bonds has been removed from the liabilities of the authority.

Advance refunding of these bonds resulted in an economic gain (difference between the present value of the old and new debt service payments) of $84.7 million. The refunding decreased debt service requirements by $14.8 million over the next 23 years.

Debt Service Requirements

The following table summarizes debt service requirements for outstanding bonds (in millions):

	STATE FUNDS					STATE BUILDING AUTHORITY	
	GENERAL OBLIGATION		REVENUE DEDICATED				
FISCAL YEARS ENDING	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL PRINCIPAL AND INTEREST	PRINCIPAL	INTEREST
1994	$ 20.6	$ 19.6	$ 16.4	$ 41.8	$ 98.4	$ 34.4	$ 71.8
1995	23.5	18.2	17.5	40.6	99.8	54.3	77.7
1996	20.4	16.9	31.5	39.4	108.2	64.0	75.3
1997	21.4	15.9	33.5	37.4	108.2	64.1	72.4
1998	22.0	15.0	35.6	35.3	107.9	65.7	69.3
1999-2022	340.8	135.1	760.0	418.0	1,653.9	1,170.6	628.6
Total	$448.7	$220.8	$894.5	$612.4	$2,176.4	$1,453.1	$995.2

Interest to maturity for the State Building Authority will be significantly smaller than the amount shown in the above table because many of the bonds will be called prior to the final scheduled maturity date. The retirement of these bonds varies from project to project, as each bond issue is related to specific projects and any excess borrowing and accrued investment earnings are restricted to projects and debt service on the related bonds. State Building Authority debt service fund unreserved fund balances totalled $109.5 million at year-end. Most of this represents investments related to completed projects that will be used for debt service on the projects' bonds.

Some of the bonds of the State Building Authority carry variable interest rates and interest on these has been projected using an average interest rate.

Note 14 continued on next page.

B. Other General Long-Term Obligations

Capital Leases: Capitalized lease liabilities are described in more detail in Note #13. The leases are attributable to operations of the General Fund and two special revenue funds (the State Trunkline Fund and Michigan Employment Security Act - Administration Fund).

Compensated Absences: This liability is described in Note #12.

Claims and Judgments: The liability recorded for claims and judgments includes projected amounts payable for workers' compensation claims by State employees and an allowance for litigation losses. The gross amount of workers' compensation liability ($225.9 million) has been recorded at its discounted present value ($142.5 million), using a discount rate of 8%. The present value of the current portion of this liability is $28.8 million. The Accident Fund of Michigan (an enterprise fund) billed State agencies through the Risk Management Fund (an internal service fund) for actual workers' compensation claims paid plus administrative fees, totalling $35.9 million in fiscal year 1992-93.

The allowance for estimated liability for litigation losses ($303.3 million) includes projections for highway related negligence cases based upon historical loss ratios. It also includes amounts for other litigation where it is considered more than a reasonable possibility that a loss may be incurred. Where a range of potential loss exists, the amount recorded is based upon the expected minimum amount that will be lost if the State does, indeed, lose. The State continues to vigorously contest all of these claims and the State may incur no liability in the individual cases involved. Therefore, the allowance for litigation losses may be overstated (to the extent that losses do not occur) or understated (if the State losses exceed the projected minimums which have been recorded). The maximum potential loss on the allowance for estimated litigation losses is not considered reasonably measurable.

Fund expenditures for workers' compensation and settled litigation with long-term repayment provisions are recognized on the "due and payable" basis. Other losses are recognized as fund liabilities in the year of settlement, except that cases settled shortly after year-end are recognized as fund liabilities using a sliding materiality scale that increases from recognizing all losses in early October to recording only settlements in excess of $1.5 million after November 30 (see Note #27).

Pension Funding Deficiency - Current Year: As disclosed in Note #11, the State's contribution to two pension funds totalled $39.6 million less than the required amounts for the fiscal year. Required contributions on a GAAP basis have exceeded actual contributions by $139.2 million cumulatively since October 1, 1979, when GAAP based reporting began.

Unrecorded Limited Obligation Debt: Certain State financing authorities have issued limited obligation revenue bonds which are not recorded as liabilities in these statements because the borrowings are, in substance, debts of other entities. Typically, these borrowings are repayable only from the repayment of loans, unloaned proceeds and related interest earnings, and any collateral which may be provided.

The Michigan Higher Education Facilities Authority (MHEFA) issues limited obligation bonds to finance loans to private nonprofit institutions of higher education for capital improvements. As of September 30, the MHEFA had bonds outstanding of $80.9 million. The Michigan Family Farm Development Authority (MFFDA) formerly issued these types of bonds to foster the development of new farm operations. As of September 30, 1993, the MFFDA had bonds outstanding of $2.7 million.

The Michigan Municipal Bond Authority (MMBA) was created to assist local units of government in reducing their short-term and long-term financing costs. The MMBA pools the borrowing needs of various units and issues limited obligation debt, the proceeds of which are used to purchase local unit obligations or to make loans to local units. The MMBA also converted $19.3 million of its 1986 A Series Local Government Loan Program Revenue Bonds to Michigan State Building Authority local project bonds, which were used to finance certain State equipment acquisitions. Any program investments, as well as loan repayments by the local units, related to these borrowings are placed with outside trustees. Repayments on the borrowings of the MMBA will be made only from local unit and State Building Authority loan repayments, investment earnings, or future revenues of the local units which may have been pledged as backing for their individual borrowings. Pledged revenues of the local units can include revenues from State sources, including distributions of State shared revenues, as well as other local sources such as property taxes. During the fiscal year, the MMBA issued $198.1 million of short-term notes and $153.4 million of bonds. Of this amount, the MMBA issued $92.5 million bonds on behalf of local units of government for certain water pollution control projects. The loans can only be disbursed if an equal amount has been set aside in a "reserve fund" in the State's Water Pollution Control Loan Fund which is composed of federal Environmental Protection Agency funds and a State general obligation bond. Interest earnings from the "reserve fund" are used to subsidize the interest expense of these loans to yield a 2 percent interest rate. At September 30, loans outstanding from this bond issue totalled $50.6 million. At September 30, total loans outstanding to the local units equal $940.0 million, including $2.0 million in State Building Authority Bonds held by the MMBA.

MUSTFA Liabilities: The Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) is a special revenue fund established to assist certain owners and operators of underground storage tank systems in meeting their financial responsibility requirements provided for in the Solid Waste Disposal Act. The total estimated liability for all eligible pending claims as of September 30, 1993 is $116.5 million, all of which is recorded as a general long-term obligation, as the fund has no current available financial resources. The liability is payable only from future year MUSTFA revenues.

Note 14 continued on next page.

C. Changes in General Long-Term Obligations

Changes in general long-term obligations for the year ended September 30 are summarized as follows (in millions):

	GENERAL OBLIGATION DEBT	REVENUE DEDICATED DEBT – STATE FUNDS	REVENUE DEDICATED DEBT - STATE BUILDING AUTHORITY	TOTAL BONDED DEBT
Bonded debt:				
Balance - Beginning	$397.1	$795.4	$1,490.7	$2,683.2
New bond issues	14.1	--	550.3	564.3
Accretion on capital appreciation bonds	3.2	5.3	4.5	13.0
Bond principal retirements	(19.3)	(20.2)	(593.6)	(633.1)
Balance - Ending	$395.0	$780.5	$1,451.9	$2,627.3

	CAPITAL LEASE OBLIGATIONS	COMPENSATED ABSENCES LIABILITIES	CLAIMS AND JUDGMENTS	PENSION FUNDING DEFICIENCY	MUSTFA CLAIMS	TOTAL OTHER OBLIGATIONS
Other obligations:						
Balance - Beginning	$178.9	$436.8	$426.9	$123.4	$92.1	$1,258.1
Adjustments to beginning balance	7.7	--	--	--	--	7.7
Change in estimated liabilities	--	1.3	18.9	15.8	24.4	60.4
Capital lease additions	18.3	--	--	--	--	18.3
Capital lease payments and deletions	(35.2)	--	--	--	--	(35.2)
Balance - Ending	$169.7	$438.1	$445.8	$139.2	$116.5	$1,309.3

NOTE 15 – BONDS AND NOTES PAYABLE - PROPRIETARY FUND TYPES

All of the bonds payable in the enterprise fund group are legal obligations of component units and they are not general obligations of the State. The following summarizes bonds payable (net of discounts), including current and noncurrent portions (in millions):

	LOTTERY	MSHFA	MHESLA	MISPC	MSF	MSHDA	TOTAL
Bonds Payable	$1.1	-0-	$528.5	$2.7	$6.4	$2,282.4	$2,821.2

The following briefly describes these debts, which are more fully explained in each unit's separately issued financial statements:

State Lottery Fund: The bonds and notes payable of $1.1 million reflected in the State Lottery Fund represent the blending of State Building Authority debt issued for equipment financing.

Michigan State Hospital Finance Authority (MSHFA): During the 1992-93 fiscal year the MSHFA transferred all trustee, fiscal agent, registrar, and paying agent functions for $1.8 billion of bonds payable and the related assets to financial institutions' trust departments. Because these obligations are, in substance, debts of other entities, the liabilities and related assets have been removed from the Authority's financial statements. Such bonds are not obligations of the Authority but are secured solely by revenues and property derived from or related to the hospital financing projects.

The MSHFA has issued $3.3 billion of no commitment bonds as of September 30, 1993. Of the above amount, $1.2 billion have been defeased in substance. Economic gains and accounting gains and losses upon in-substance defeasance inure to the benefit of the facility for which the bonds were issued and accordingly are not reflected in the Authority's financial statements.

Note 15 continued on next page.

Michigan Higher Education Student Loan Authority (MHESLA): The bonds of this authority are revenue bonds of which $352.1 million carry annual interest rates ranging from 4.3% to 7.6% and $176.4 million bear interest at a variable weekly rate. For the variable rate bonds, the debt service requirements presented in the table below were prepared using the rate (3.2%) in effect at September 30, 1993. Depending upon possible rate changes, the actual amount which will be paid in the future may significantly differ from the amounts presented. The following table summarizes debt service requirements on these bonds (in millions):

Fiscal Year	Principal	Interest	Total
1993-94	$ 9.3	$ 25.6	$ 34.9
1994-95	13.7	26.6	40.2
1995-96	21.0	25.6	46.6
1996-97	21.3	24.3	45.5
1997-98	27.0	22.8	49.7
Total five years	92.2	124.8	217.0
1998-2021	436.3	186.3	622.7
Totals	$528.5	$311.2	$839.7

Included in the bonds payable above is $96.4 million of limited obligation Student Loan Revenue Bonds: $56.4 million of Series XIIB Student Loan Revenue Bonds maturing October 1, 2013; $20.0 million of Series XIID maturing October 1, 2015; and $20.0 million of Series XIIF maturing October 1, 2020. These bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on delivery to the Authority's remarketing agent, Smith Barney, Shearson, Inc. The remarketing agent is authorized to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate.

Under standby bond purchase agreements from the Mitsubishi Bank, Limited (Series XIIB), the Fuji Bank, Limited (Series XIID), and the Sumitomo Bank, Limited (Series XIIF), the trustee is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The standby bond purchase agreements are valid through December 20, 1993 (Series XIIB), May 15, 1995 (Series XIID), and October 20, 1998 (Series XIIF).

Mackinac Island State Park Commission (MISPC): The commission's bonds are revenue bonds which carry interest rates ranging from 2.9% to 7.5%. Annual principal and interest maturities for the next five years approximate $257 thousand annually; debt service requirements after 1997-98 total $3.4 million, with the final payments due in 2013. The amounts reported as bonds payable in these statements do not include $1.0 million of outstanding bonds which have been defeased.

Michigan Strategic Fund (MSF): The bonds of the MSF are limited obligation revenue bonds, which carry an average interest rate of 11.5%. The bonds are repayable solely from distributions of the Michigan Natural Resources Trust Fund. All MSF bonds mature in fiscal year 1993-94. Debt service requirements total $7.1 million ($6.4 million of principal and $.7 million of interest).

The MSF also issues industrial development revenue bonds ($2.9 billion for the period January 1, 1979 through September 30, 1993) which are not recorded as liabilities. These borrowings are, in substance, debts of other entities and financial transactions are handled by outside trustees.

Michigan State Housing Development Authority (MSHDA): The bonds of this authority are revenue bonds which carry effective interest rates ranging from 2.15% to 12.14%. The following table summarizes the debt service requirements of this authority as of its year-end of June 30 (in millions):

Fiscal Year	Principal	Interest	Total
1993-94	$ 334.9	$ 119.6	$ 454.4
1994-95	53.9	114.0	168.0
1995-96	55.8	111.4	167.2
1996-97	57.2	108.8	166.0
1997-98	57.4	106.3	163.7
Total five years	559.1	560.1	1,119.2
1998-2026	1,730.8	1,283.6	3,014.4
	2,290.0	$1,843.7	$4,133.6
Less unamortized discount	(7.5)		
Total principal	$2,282.4		

Note 15 continued on next page.

Refunding bonds: On June 22, 1993, the Authority issued its Rental Housing Revenue Bonds, 1993 Series A in the amount of $213.5 million. The bonds were issued primarily for the purpose of refunding one issue of Housing Development Bonds and four issues of Section 8 Assisted Mortgage Revenue Bonds totaling $197.2 million. The Rental Housing Revenue Bonds have an effective interest rate of approximately 5.96%, not including the effect described below of the gain on the retirement of the refunded bonds, while the bonds that were refunded have effective interest rate ranging from 6.72% to 7.32%. The retirement of the refunded bonds resulted in a deferred gain of $2.3 million, representing the amount by which the net gain on the liquidation of investments held in the capital reserve funds for the refunded bonds exceeded the write-off of unamortized bond discounts and issuance costs and call premiums on the refunded bonds. This gain has been credited to bond discount on the 1993 Series A bonds in accordance with the provisions of a statement by the Governmental Accounting Standards Board (GASB) entitled "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities." The refunding will reduce aggregate interest payments over the life of the bond issue by approximately $50.0 million and an economic gain (difference between the present value of the old and new interest payments, discounted at 5.85%) of approximately $18.0 million.

On September 22, 1992, the Authority issued its Rental Housing Revenue Bonds, 1992 Series A and B in the respective amounts of $224.4 million and $139.0 million. The Series A bonds were issued for the purpose of refunding eight issues of Housing Development Bonds and one issue of Section 8 Assisted Mortgage Revenue Bonds and the Series B Bonds were issued for the purpose of refunding four issues of Section 8 Assisted Mortgage Revenue Bonds, except for $7.5 million of one issue that is not currently callable. The Series A Bonds have an effective interest rate of approximately 6.56% while the bonds refunded by the Series A Bonds had effective interest rates ranging from 7.25% to 8.82%. The Series B Bonds are variable rate bonds that are subject to purchase on the demand of the holder by the Authority's remarketing agent, Goldman, Sachs & Co. The bonds refunded by the Series B Bonds had effective interest rates ranging from 9.33% to 10.55%. The retirement of the refunded bonds resulted in a deferred loss of $.8 million, representing the write-off of unamortized bond discounts and issuance costs together with call premiums, net of gains on the liquidation of investments held in the capital reserve funds for the refunded bonds. This deferred loss was included in bond discount on the 1992 Series A and Series B Bonds. The refundings resulting from the sale of the 1992 Series A Bonds resulted in a reduction in the aggregate interest payments of approximately $74.4 million over the life of the bond issue and an economic gain (difference between the present value of the old and new interest payments, discounted at 6.44%) of approximately $27.6 million. The reduction in interest payments and economic gain resulting from the refundings by the 1992 Series B Bonds cannot be quantified because the interest rates of the refunding bonds are variable. It is the Authority's intention to sell fixed rate bonds by June 30, 1995 to refund the 1992 Series B Bonds.

Demand bonds: Included in long-term liabilities at June 30, 1993 is $139.0 million of general obligation Rental Housing Revenue Bonds with annual sinking fund requirements through October 1, 2023. The proceeds of the bonds were used to refund Section 8 Assisted Mortgage Revenue Bonds. The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on delivery to the Authority's remarketing agent, Goldman, Sachs & Co. The remarketing agent is required to use its best efforts to resell the bonds at a price equal to 100% of their principal amount by adjusting the interest rate. If the remarketing agent is unsuccessful in remarketing any bonds, they are to be delivered to the trustee for payment. The trustee is entitled to draw on an irrevocable letter of credit issued by The Sumitomo Bank, Limited, an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through September 15, 1995. The Authority must repay the bank for each draw on the letter of credit by its expiration date. Interest is payable on any draws outstanding at a rate equal to the lesser of (a) the bank's prime rate plus .5% or 2%, depending on the type of draw, or (b) 25%. The Authority is required to pay the bank an annual commitment fee for the letter of credit of .375% per annum of the amount of the letter of credit, which is equal to the amount of bonds outstanding plus interest for 120 days at a rate of 12%. In addition, the remarketing agent receives an annual fee equal to one-eighth of 1% of the outstanding principal amount of the bonds.

Included in long-term debt at June 30, 1993 is $58.9 million of general obligation Multi-Family Housing Revenue Bonds with annual sinking fund requirements through November 1, 2019. The proceeds of the bonds were used to (a) provide funds for multi-family mortgage loans, (b) establish reserve funds in accordance with the trust agreement, and (c) pay costs incurred to issue the bonds. The bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on delivery to the Authority's remarketing agent, Merrill, Lynch, Pierce, Fenner & Smith Incorporated. The remarketing agent is required to use its best efforts to resell the bonds at a price equal to 100% of their principal amount by adjusting the interest rate. If the remarketing agent is unsuccessful in remarketing any bonds, they are to be delivered to the trustee for payment. The trustee is entitled to draw on an irrevocable letter of credit used by Sanwa Bank, Limited, an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through November 15, 1995. The Authority must repay the bank for each draw on the letter of credit by its expiration date. Interest is payable on any draws outstanding at a rate equal to the lesser of (a) the greater of the bank's prime rate or the federal funds rate plus .50% or (b) 25%. The Authority is required to pay the bank an annual commitment fee for the letter of credit of .425% per annum of the amount of the letter of credit, which is equal to the amount of bonds outstanding plus interest for 41 days at a rate of 25%. In addition, the remarketing agent receives an annual fee equal to one-eighth of 1% of the outstanding principal amount of the bonds.

No commitment debt: In 1985 the Legislature authorized the MSHDA to issue up to $400.0 million of limited obligation bonds to finance multi-family housing projects. Such bonds are not general obligations of the Authority and the Authority has no liability for this debt. Such bonds are secured solely by revenues and property derived from or obtained in connection with the housing projects. Thus, these bonds are considered no commitment debt and, therefore, are not reflected as liabilities in either the financial statements or the above table. At June 30, limited obligation bonds had been issued totalling $274.5 million, of which three issues totalling $31.2 million had been retired.

NOTE 16 – INCOME TAX REFUNDS AND TAX EXPENDITURES

Income Tax Credits

The Michigan Income Tax Act allows for several types of tax credits. Some of these credits are accounted for as revenue reductions for financial reporting purposes while others are reported as expenditures. Revenue reductions are reported for those income tax credits which are limited by the amount of an individual's tax liability before considering such credits. To the extent these nonrefundable credits will generate future year payments, they are accrued as income tax refund liabilities together with estimated overwithholdings.

Expenditures are reported for those credits which can be received even if they exceed the individual's tax liability. For these refundable credits, the substance of the transaction is that the State is making a grant payment using the income tax system as a filing and payment mechanism. The amount of credit received is not a part of the determination of tax liability. The State's property tax, home heating, and senior citizens' prescription drugs credits are the primary credits that fall into this category. Expenditures for these credits are recognized in the year the tax returns are filed and the credits are claimed by recipients. The following table shows the amounts of the various credits reported as General Fund "tax expenditures" on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (in millions).

Property tax credits:	
General homestead	$469.0
Senior citizens	399.2
Farmland preservation	60.5
Other property tax credits	15.9
Subtotal - property tax credits	944.6
Home heating (excluding federal share)	5.1
Senior citizens' prescription drugs	14.9
Others	10.6
Total tax expenditures	$975.2

Income Tax Refunds Payable

The $242.6 million reported as a General Fund liability on the "Income Tax Refunds Payable" line on the Combined Balance Sheet includes: projected refund estimates for overwithholding and tax credits reported as revenue reductions; actual refunds made in October and November; and, accruals for known income tax litigation losses.

NOTE 17 – LOTTERY PRIZE AWARDS PAYABLE

The State Lottery Fund makes long-term prize awards for certain of its games, most notably the lotto games. Liabilities related to these deferred prize awards are recorded at their present value using discount rates ranging from 6% to 8.5%. The liquidation of these liabilities is provided for by investment in U.S. Treasury deep discount bonds and in the State's common cash pool. The future payments for prize awards payable are summarized as follows (in millions):

Twelve months ending September 30:	
1994	$ 114.8
1995	97.9
1996	97.5
1997	97.1
1998	96.8
1999 through 2003	481.2
2004 through 2008	383.0
2009 through 2013	111.9
2014 through 2018	3.6
2019 through 2023	2.9
Later years	4.0
Total	1,490.9
Less unamortized discount	(613.3)
Total at present value	$ 877.5

Public Act 239 of 1972 requires that, as nearly as practicable, 45% of gross ticket revenue shall be allocated for prize awards. The prize structure for certain games being played exceeded this percentage; as a result, additional amounts have been allocated for prize awards. The additional amounts approximated $100.0 million in fiscal year 1992-93. More detailed information on the State Lottery Fund is available in the fund's separately issued audited financial statements, which are prepared semiannually.

NOTE 18 – OTHER LONG-TERM LIABILITIES

Arbitrage rebates: The other long-term liabilities reflected in the special revenue and debt service fund columns of the Combined Balance Sheet represent accrued federal arbitrage rebates on revenue related to general long-term obligations account group bond issues.

Low-Level Radioactive Waste Authority (LLRWA): The LLRWA, an enterprise fund, obtained developmental stage financing totaling $6.6 million to provide a regional low-level radioactive waste disposal facility for seven midwestern states. On July 24, 1991, the seven state compact voted to expel Michigan for failure to select a site for a facility. Therefore, under terms of the financing agreement between the LLRWA and the compact, the LLRWA is required to use its best efforts to obtain an appropriation to repay the $6.6 million loaned to the LLRWA and interest earned on such funds amounting to $.2 million.

Accident Fund of Michigan (AFOM): The AFOM, an enterprise fund, provides workers' compensation insurance to Michigan employers. It is reported using the accounting principles applicable to insurance companies. Claims and claims adjustment expenses are recorded as incurred. Accrued liabilities for such expenses totalled $724.4 million as of September 30, 1993. These liabilities are not discounted. Other liabilities of the AFOM include dividends payable ($1.1 million).

The AFOM also processes workers' compensation claims on behalf of the State and certain public colleges and universities. Such claims are not liabilities of AFOM. As described in Note #14, the State's liability for workers' compensation claims by its employees is reported in the General Long-Term Obligations Account Group.

The AFOM is not a member of the Michigan Property and Casualty Guaranty Association and neither the State nor the Association is liable if the AFOM becomes insolvent. The AFOM has, however, obtained reinsurance to minimize losses arising from catastrophic claims. Additional detailed disclosures regarding the AFOM are available in its separately issued audited financial statements.

Michigan Education Trust (MET): The MET, a component unit reported as an enterprise fund, offers contracts which, for actuarially determined amounts, provide future tuition at State institutions of higher education. Contract provisions also allow the benefits to be used at private or out-of-state institutions, with the amount provided being based upon rates charged by the State's public institutions of higher education. The tuition payments are made by MET as a separate legal entity and these contracts are not considered obligations of the State. The Legislature is not obligated to provide appropriations should losses occur and the statutes and contracts provide for refunds to the participants if MET becomes actuarially unsound. Liabilities have been recorded on the balance sheet for the actuarial present value of future tuition benefit obligations.

The actuarial report on the status of MET as of September 30, 1993 shows the actuarial present value of future tuition obligations to be $479.6 million, as compared to the actuarially determined market value of assets available of $533.4 million. The actuarial assumptions used include: a projected tuition increase rate of 8.13% for the years through 1999 and 7.3% for subsequent years; an average investment yield of 8.90% on investments at September 30, 1993 and 7.0% on reinvestment of income; and, a projected tax rate of 35% and new contracts issued at the rate of 21,470 contract-years per year. However, there have been no open enrollment periods subsequent to September 30, 1991 and none are planned by the MET board for the immediate future. Accordingly, as of September 30, 1993, the actuarial assumptions include the factor of 64,410 contract-years to be eventually recovered when new enrollments are offered by the board. If the actuarial assumption was revised to recognize no subsequent recovery of the 64,410 contract-years in future enrollment periods and MET received an unfavorable IRS ruling on its tax exemption appeal, the effect on trust equity at September 30, 1993 would be a decrease of approximately $9.0 million.

Also included in other long-term liabilities for the MET is $19.8 million of deferred income tax liabilities, which is primarily attributable to the unrealized gains on investments valued at market.

Michigan State Housing Development Authority (MSHDA): Long-term liabilities of the MSHDA, a component unit reported as an enterprise fund, include $259.8 million of funds held in escrow.

Escheats: Other liabilities in the trust and agency fund column of the Combined Balance Sheet include $8.5 million for projected escheat refunds. Escheated property is initially accounted for in an expendable trust fund, with projected excess balances being transferred to the General Fund. Beginning with this fiscal year, the State has changed its accounting for escheat refunds in accordance with a new GASB pronouncement, Statement 21. The Statement requires that projected refunds be recorded as liabilities and that revenues be recorded net of projected refunds. In prior fiscal years, the State recorded revenues based upon gross receipts and refunds were reported as expenditures in the year of disbursement. In accordance with the Statement, the beginning fund balance of the expendable trust fund was restated by $6.0 million for this accounting change. This change affected how the transactions are recorded within the expendable trust fund, but had no effect on the determination of the amount transferred to the General Fund.

Agency fund liabilities: Other long-term liabilities related to agency funds account for $2,180.6 million of the amounts reported on that line on the Combined Balance Sheet. These amounts are related to the State' section 457 deferred compensation plan (see Note #19), insurance and financial institution deposits, and the State Treasurer's Escrow and Paying Agent Fund.

NOTE 19 – DEFERRED COMPENSATION PLANS

The State has established two deferred compensation plans for its employees. Both are administered by the Department of Civil Service and the State makes no contribution to either. These plans and the accounting policies applied to each are described below.

Section 457 Plan:

Created in accordance with Internal Revenue Code Section 457, this plan is available to all State employees to permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is accounted for in the State Employees' Deferred Compensation Fund I (457), an agency fund. Total assets and total liabilities of the fund as of September 30 were $1.3 billion.

Employee contributions are recognized as increases in fund assets and liabilities. Benefits are recognized as decreases in fund assets and liabilities when paid. The fund is primarily invested in guaranteed investment contracts with insurance companies. The contracts are valued at cost plus accrued interest. This is also the method used to value participants' interests in the plan. Short-term investments are held in the common cash pool. Investment earnings, net of administrative charges, are credited to the participants' accounts based upon their balances in the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property of the State (without being restricted to the provision of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the value of the deferred account for each participant. The State believes that it is unlikely that it will use the assets to satisfy the claims of other general creditors in the future.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan, unless it fails to discharge its duty to exercise due care that would be required of an ordinary prudent investor.

Section 401k Plan:

The State also offers a plan created in accordance with Internal Revenue Code Section 401k. This deferred compensation plan is accounted for in the State Employees' Deferred Compensation Fund II (401k), an expendable trust fund. As of September 30, the fund balance of the fund was $242.3 million.

The deferred compensation is not available to employees until termination, retirement, death, financial hardship, or attainment of 59 1/2 years of age. The plan does, however, include loan provisions. Unlike the section 457 plan, this plan's assets are not subject to the claims of the State's general creditors.

Employee participants are offered two basic options for the investment of their contributions and accumulated earnings. They may choose to participate in a State administered guaranteed investment contract or they may choose to self-direct their funds within a group of mutual funds. Employees may use both options and can, at periodic intervals, transfer funds between the two options.

The fund balance of the fund represents net assets available for plan benefits. Employee contributions are recognized as revenue; benefits are recognized as expenditures when paid. Short-term investments are held in the State's common cash pool. Investment earnings, net of administrative charges, are credited to the participants based upon their balances in the plan. Loans to participants are recorded as assets.

Investments in guaranteed investment contracts are valued at cost plus accrued interest, which is the same basis as is used for determining participants' interests in the plan under this option. Mutual fund investments are valued at market, rather than cost, because participants' interests under this option are based upon market. The net of realized and unrealized gains and losses are shown as miscellaneous revenue.

NOTE 20 – INTERFUND RECEIVABLES AND PAYABLES

In the following table, the most significant interfund receivable and payable balances are listed by individual fund. Other funds' balances are shown in total for each fund type. On the balance sheet, the current portions of these balances are presented as "Amounts due from other funds" and "Amounts due to other funds" and noncurrent items are classified as "advances." Interfund receivables and payables, as well as operating transfers in and out, do not agree because the Michigan State Housing Development Authority (MSHDA) has a June 30 fiscal year-end. Except for MSHDA, the balances of interfund receivables and payables as of September 30 were (in millions):

	INTERFUND RECEIVABLES		INTERFUND PAYABLES	
GOVERNMENTAL FUND TYPES	Current	Noncurrent	Current	Noncurrent
General Fund	$117.8	$ 8.9	$177.4	$ --
Special Revenue Funds:				
State Trunkline Fund	37.8	--	.1	--
Michigan Transportation Fund	--	--	47.4	--
Comprehensive Transportation Fund	10.5	--	--	--
Environmental Protection Bond Fund	--	--	--	22.0
Michigan Employment Security Act - Administration Fund	--	--	1.2	--
Workplace Health and Safety Fund	20.8	--	--	--
Counter-Cyclical Budget and Economic Stabilization Fund	170.2	--	--	--
Michigan Veterans' Trust Fund	.1	1.3	--	--
School Aid Fund	--	--	96.0	--
State Building Authority Advance Financing Fund	6.1	--	9.0	--
State Building Authority	--	--	6.1	--
Other Special Revenue Funds	.8	--	.4	--
Total Special Revenue Funds	246.4	1.3	160.1	22.0
Debt Service Funds	--	--	.3	--
Capital Projects Funds:				
State Building Authority Advance Financing Fund	10.9	--	3.4	--
State Building Authority	.5	--	10.9	--
Total Capital Projects Funds	11.4	--	14.3	--
PROPRIETARY FUND TYPES				
Enterprise Funds:				
Liquor Purchase Revolving Fund	--	9.2	--	--
Michigan State Fair Revolving Fund	--	--	--	7.8
Department of Natural Resources Magazine Fund	--	--	--	1.4
Accident Fund of Michigan	--	--	20.8	--
Michigan Higher Education Assistance Authority	1.3	--	--	--
Michigan State Housing Development Authority	2.0	--	.4	--
Other Enterprise Funds	.8	--	.4	--
Total Enterprise Funds	4.1	9.2	21.6	9.2
Internal Service Funds:				
Correctional Industries Revolving Fund	--	--	--	8.7
Office Services Revolving Fund	--	--	1.0	2.8
Information Technology Revolving Fund	1.7	--	.7	8.2
State Sponsored Group Insurance Fund	1.7	11.0	--	--
State Water Pollution Control Loan Fund	--	22.0	.5	--
Total Internal Service Funds	3.4	33.0	2.2	19.7
FIDUCIARY FUND TYPES				
Trust and Agency Funds:				
Michigan Unemployment Compensation Fund	3.0	--	.2	--
Transportation Related Trust Funds	--	--	1.3	--
Miscellaneous Trust Accounts Fund	--	--	8.6	1.6
Other Trust and Agency Funds	.2	--	--	--
Total Trust and Agency Funds	3.3	--	10.2	1.6
Total Interfund Receivables and Payables All Funds	$386.4	$52.5	$386.2	$52.5

NOTE 21 – INTERFUND COMMITMENTS

Transfers from the Michigan Veterans' Trust Fund

When the Michigan Veterans' Trust Fund, a special revenue fund, was created in 1946, it was provided $50.0 million to be reserved for investment purposes. In subsequent years, $48.2 million of the reserve was returned to the General Fund in accordance with P.A. 119 of 1976. The act includes provisions for making future annual General Fund appropriations to replenish the investment reserves and to make up for lost interest income. Such provisions, however, are not considered legally binding on future legislatures.

During fiscal year 1992-93, $2.9 million was appropriated to replenish reserves. Through September 30, 1993, $37.5 million had been returned by the General Fund. The balance of the $48.2 million ($10.7 million) is considered a budgetary commitment subject to appropriation. It is, therefore, not recorded as an asset of the special revenue fund or a liability of the General Fund.

Mackinac Bridge Authority

The Mackinac Bridge Authority, which is reported as a special revenue fund, has over the years received $75.3 million of subsidies for operations ($12.3 million) and debt service ($63.0 million). These subsidies were provided by the State Trunkline and Michigan Transportation funds, respectively, both of which are special revenue funds.

State statutes require that the Authority continue charging bridge tolls and begin repaying the State funds for the subsidies provided. These repayments are to continue until such time as the subsidies have been completely returned. The Authority has not recorded a liability and the State funds have not recorded receivables for these subsidies because the reimbursements are contingent upon future net revenues, there is no repayment schedule, and the repayment commitment is long-term and budgetary in nature. Repayments may be authorized by the Authority, after consideration of the Authority's annual needs for its operations and planned repairs and improvements.

During fiscal year 1992-93, the Authority made its first repayment on these advances. The Authority repaid $7.5 million of the advance from the Michigan Transportation Fund, leaving a balance of $55.5 million. No repayments have been made on the advance from the State Trunkline Fund.

NOTE 22 – EQUITY TRANSFERS AND CHANGES IN CONTRIBUTED CAPITAL

Equity Transfers

As described below, a number of equity transfers were made during 1992-93.

The General Fund provided a $.3 million contribution of capital assets and the Michigan Natural Resources Trust Fund (a special revenue fund) made a $.4 million contribution of land to the Michigan State Fair Revolving Fund (an enterprise fund). These are reported as equity transfers in the General and special revenue funds and as contributed capital additions in the enterprise fund group.

An equity transfer of $14.6 million was made from the Environmental Protection Bond Fund (a special revenue fund) to provide revolving loan capital for the State Water Pollution Control Loan Fund (an internal service fund).

An equity transfer of $3.0 million was made from the Water Pollution Control Bond Fund (a special revenue fund) to provide revolving loan capital for the State Water Pollution Control Loan Fund (an internal service fund).

Within the special revenue fund group, an equity transfer of $.6 million was made from the Combined State Trunkline Fund Bond Proceeds Fund to the State Trunkline Fund to transfer residual balances from the 1984 State Trunkline revenue dedicated bonds.

An equity transfer of $9 thousand was recorded to close out the remaining balances in the State Park Revenue Bond Fund (a debt service fund) to the State Park Improvement Fund (a special revenue fund).

Within the pension trust fund group, an equity transfer of $17.9 million was recorded to merge the Probate Judges' Retirement Fund into the Judges' Retirement Fund, as authorized by Public Act 234 of 1992.

Note 22 continued on next page.

Changes in Contributed Capital

The following table summarizes contributed capital transactions made during the year (in millions):

	Enterprise Funds			Internal Service Funds			
	Michigan State Fair Revolving Fund	Michigan Higher Education Assistance Authority	Total	Correctional Industries Revolving Fund	Motor Transport Fund	State Water Pollution Control Loan Fund	Total
Beginning balance	$ 7.6	$ 1.5	$ 9.1	$ 1.4	$ 8.4	$163.4	$173.2
Equity transfers from other funds	.7	--	.7	--	--	17.6	17.6
Federal grants	--	--	--	--	--	55.0	55.0
Ending balance	$ 8.3	$ 1.5	$ 9.8	$ 1 .4	$ 8.4	$236.0	$245.8

Contributed capital was first recorded by the State as of the beginning of the 1986-87 fiscal year. The amounts contributed prior to 1986-87 are not reasonably determinable, except for the amounts related to the Motor Transport Fund and the Michigan Higher Education Assistance Authority. Contributions received in other funds prior to 1986-87 are reflected as retained earnings.

NOTE 23 – RETAINED EARNINGS

Reservations

Certain amounts of retained earnings in the enterprise fund group are reserved based upon restrictions placed upon the use of funds by external parties. The amounts as of September 30 are as follows (in millions):

Michigan Higher Education Student Loan Authority	$ 6.2
Mackinac Island State Park Commission	1.4
Michigan Strategic Fund	53.6
Michigan State Housing Development Authority	144.1
Total	$205.4

Fund Deficits

Except as described below, all funds and component units reported in the proprietary type funds have positive retained earnings balances.

The Low-Level Radioactive Waste Authority, an enterprise fund, has a deficit of $6.8 million. On July 24, 1991 the seven-state compact, which had been providing loans to the Authority, voted to expel Michigan for failure to select a site for a low-level radioactive waste disposal facility. Limited Authority operations are continuing with State financing.

The Department of Natural Resources Magazine Fund, an enterprise fund, has an accumulated deficit of $1.5 million.

The Michigan Education Trust (MET), an enterprise fund, has accumulated negative retained earnings of $2.4 million. However, total fund equity, when unrealized gains on investments are taken into consideration, exceeds actuarially determined future tuition obligations and other liabilities by $34.3 million. Note #18 provides information about the actuarial status of MET.

The State Sponsored Group Insurance Fund, an internal service fund which is described in Note #26, ended the year with a retained earnings deficit of $22.4 million.

NOTE 24 – FUND BALANCES

Reservations

The line entitled "Reserved fund balance" on the combined balance sheet at September 30 consists of the following (in millions):

	FUND TYPES			
	General	Special Revenue	Capital Projects	Pension Trust
Budgetary carry-forwards:				
Encumbrances	$ 54.8	$ 35.6	$ --	$ --
Restricted revenues	317.5	90.9	--	--
Multi-year projects (capital outlay and work projects)	75.8	266.3	--	--
Construction and debt service	--	2.0	8.7	--
Revolving loan programs	2.1	1.8	--	--
Funds held as permanent investments	--	158.5	--	--
Noncurrent assets	120.5	76.2	--	--
Pension benefits	--	--	--	23,064.1
Total Reserved Fund Balances	$570.7	$631.4	$ 8.7	$23,064.1

Budgetary carry-forwards represent unused spending authorization which continues to be available in the new year. Restricted revenue carry-forwards include revenues restricted by law for specified purposes. The largest restricted revenue carry-forwards in the General Fund are related to local government revenue sharing ($161.5 million). The $75.8 million of multi-year projects in the General Fund includes $50.7 million of capital outlay and $25.1 million of work project authorizations. Such amounts are reserved because the funds are legally segregated for a specific purpose.

General Fund restricted revenues decreased this year because of a change in how income tax credits are funded. Last year, $251.4 million of revenue was carried forward to pay for tax credits paid during this fiscal year. Appropriations for fiscal year 1993-94 were changed to provide funding from revenues in the year of the payment, so no reservation to carry-forward funding was needed as of September 30, 1993. If the appropriation method had not been changed, the amount of restricted revenue carry-forward reserves would have been $245.7 million higher. This change was required by P.A. 162 of 1992 and had the effect of increasing this year's transfer into the Budget Stabilization Fund (see Note #3).

Construction and debt service reserves represent amounts which are restricted for State Building Authority projects that are in process.

Reserves for revolving loan programs represent fund balance which has been appropriated for the purpose of making loans that will encourage economic development in the State. Repayments on such loans are authorized to be used for the making of new loans.

Funds held as permanent investment represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. These investments can include either specific investments held for the fund or portions of the fund's share of the common cash pool.

Reserves are recorded for noncurrent assets if they do not represent current financial resources available for appropriation. No reservation is recorded for noncurrent assets if doing so would result in a duplicate reduction of unreserved fund balance. This occurs if the noncurrent assets have already been reserved for some other reason or if they are related to revenues that have been deferred because of not being "available."

The State does not record any reservations in expendable trust funds because the balances are all considered available for the purposes of the various funds. Also, no reservations of fund balances are recorded in single purpose special revenue, debt service, and capital projects funds. From the overall State perspective, the unreserved fund balances of funds other than the General Fund are restricted by the nature of the fund type and they are not available for general State purposes.

Fund deficits

Except for the funds described below, all governmental and fiduciary funds have positive ending unreserved fund balances.

The State Park Improvement Fund is a special revenue fund which had an unreserved fund deficit of $1.3 million. This deficit was caused by multi-year capital outlay appropriations totaling $2.5 million which were made in anticipation of future year revenues.

The School Bond Loan Fund, a special revenue fund, had an unreserved fund deficit of $34.9 million. This deficit was the result of issuance of short-term notes to provide temporary financing for the program.

Two State Building Authority Advance Financing Funds account for monies expended by the State to begin projects for which bonds have not yet been issued. The State Building Authority Advance Financing Capital Projects Fund recorded a year-end deficit of $.1 million; the State Building Authority Advance Financing Special Revenue Fund recorded a year-end deficit of $6.7 million. These deficits are to be financed by future bond sales.

Note 24 continued on next page.

The Michigan Underground Storage Tank Financial Assurance Fund, a special revenue fund, had an unreserved fund balance deficit of $60.5 million. The deficit was primarily caused by the issuance of commercial paper.

The State Building Authority capital projects fund had an unreserved fund balance deficit of $21.4 million. The deficit was primarily caused by the issuance of commercial paper.

NOTE 25 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

State Funds: The State operates six enterprise funds. The Liquor Purchase Revolving Fund accounts for the State's activities in the distribution of liquor at the wholesale and retail levels. The fund is also used to account for certain liquor taxes that generate revenue for other State activities. Public Act 431 of 1984 requires that the net income of the fund be transferred to the General Fund. Appropriation acts have also been passed to authorize transfers from the fund as a funding source for other specified purposes. The legality of the provisions requiring these transfers, which amounted to $14.6 million, is being questioned because the statutes governing this fund have not been amended.

The State Lottery Fund accounts for the State lottery games and regulation of bingo and charity games. Profits from the lottery are transferred to the School Aid Fund and profits from regulation of bingo and charity games are transferred to the General Fund.

The Low-Level Radioactive Waste Authority fund was established to account for the activities necessary to establish and operate a waste disposal facility in Michigan.

The Michigan State Fair Revolving Fund records the results of the annual State Fair and periodic rental of fairground facilities. The General Fund provides periodic contributions for the improvement of facilities. Public Act 431 of 1984 also requires that the net income of this fund be transferred to the General Fund.

The Department of Natural Resources Magazine Fund accounts for the production and sale of various publications.

The Accident Fund of Michigan provides insurance coverage for workers' compensation losses.

Segment information for the fiscal year ended September 30, 1993 (in millions) is as follows:

	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIO-ACTIVE WASTE AUTHORITY	MICHIGAN STATE FAIR REVOLVING FUND	DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND	ACCIDENT FUND OF MICHIGAN	SUBTOTAL STATE FUNDS
Operating Revenues	$ 459.3	$1,275.8	$ --	$ 3.5	$ .8	$ 252.0	$1,991.4
Depreciation Expense	.8	1.8	--	.5	--	2.0	5.2
Operating Income (Loss)	80.9	430.6	--	(1.3)	(.2)	57.9	567.8
Tax Revenues	8.0	--	--	--	--	--	8.0
Operating Transfers In	--	--	.3	.2	--	--	.5
Operating Transfers Out:							
Statutory Net Income Transfer	(73.3)	(432.1)	--	--	--	--	(505.4)
Administrative General Fund Costs	(15.4)	--	--	--	--	(.1)	(15.6)
Operating Transfers Out	(88.7)	(432.1)	--	(.1)	--	(.1)	(521.0)
Net Income (Loss)	--	--	(.1)	(1.5)	(.2)	41.8	40.1
Current Year Capital Contributions	--	--	--	.7	--	--	.7
Net Working Capital	3.4	23.6	.1	(1.3)	--	(51.3)	(25.5)
Property, Plant, and Equipment	6.5	4.4	--	21.2	--	18.0	50.2
Total Assets	54.0	892.6	.2	21.5	--	992.0	1,960.2
Long-Term Liabilities	6.0	769.2	6.9	7.9	1.5	531.0	1,322.4
Total Equity (Deficit)	13.2	--	(6.8)	12.1	(1.5)	117.4	134.4

Note 25 continued on next page.

Component Units: The enterprise fund type includes the following: the Michigan State Hospital Finance Authority (MSHFA), Michigan Education Trust (MET), Michigan Higher Education Student Loan Authority (MHESLA), Michigan Higher Education Assistance Authority (MHEAA), Mackinac Island State Park Commission (MISPC), Michigan Strategic Fund (MSF), and the Michigan State Housing Development Authority (MSHDA).

Four of the authorities issue long-term debt: to finance loans for the construction of multifamily and single family housing and home improvements (MSHDA), for capital improvements and equipment acquisition at nonprofit hospitals (MSHFA), for tuition to qualified students attending participating institutions of higher education (MHESLA), and for issuing loans and grants to private enterprises to foster economic expansion (MSF). The long-term debt of these authorities is financed mainly from loan repayments and investment income.

The MET offers contracts which, for actuarially determined amounts, provide for future tuition at State institutions of higher education for participants.

The MHEAA is the State guaranty agency under the Stafford Loan Program, the Supplemental Loans to Students Program, and the Parent Loan for Undergraduate Students Program.

The MISPC accounts for the operation of the Mackinac Island State Park. The majority of its costs are financed through admission fees, although it does receive a subsidy in the form of a General Fund appropriation determined annually by the Legislature.

Segment information for component units included in the enterprise fund type for the fiscal years ended in 1993 (in millions) is as follows:

	MSHFA	MET	MHESLA	MHEAA	MISPC	MSF	MSHDA	SUBTOTAL COMPONENT UNITS
Operating Revenues	$109.9	$ 56.3	$ 30.6	$83.5	$ 2.4	$ 7.6	$ 204.8	$495.2
Depreciation and Amortization Expense	--	--	.5	--	.2	--	--	.7
Operating Income (Loss)	1.0	19.7	3.6	2.3	(1.9)	(3.4)	19.5	40.9
Operating Grants, Entitlements, and Shared Revenues	--	--	3.2	50.7	--	--	5.2	59.1
Operating Transfers:								
In (subsidies)	--	--	--	--	1.8	20.0	5.9	27.6
Out	--	--	--	--	--	(9.6)	--	(9.6)
Net Income (Loss)	(4.3)	7.5	3.6	4.0	(.6)	(.7)	17.0	26.5
Net Working Capital	6.6	18.8	123.0	47.6	3.1	23.6	127.5	350.2
Property, Plant, and Equipment	--	--	--	--	3.5	--	--	3.5
Mortgages and Loans Receivable (Net)	--	--	326.6	.8	--	22.9	1,778.5	2,128.8
Total Assets	9.1	534.1	608.6	56.9	8.2	128.7	2,794.9	4,140.5
Bonds (Net) and Other Long-Term Liabilities	2.2	481.9	521.2	.5	2.6	6.6	2,213.0	3,227.8
Total Equity	6.6	34.3	71.1	48.0	5.4	115.6	208.1	489.1

Note 25 continued on next page.

The following table demonstrates the relative shares of State funds and component units.

	STATE FUNDS	COMPONENT UNITS	TOTAL ENTERPRISE FUNDS
Operating Revenues	$1,991.4	$ 495.2	$2,486.6
Depreciation and Amortization Expense	5.2	.7	5.9
Operating Income (Loss)	567.8	40.9	608.7
Operating Grants, Entitlements, and Shared Revenues	--	59.1	59.1
Tax Revenues	8.0	--	8.0
Operating Transfers:			
In	.5	27.6	28.1
Out	(521.0)	(9.6)	(530.6)
Net Income (Loss)	40.1	26.5	66.6
Current Year Capital Contributions	.7	--	.7
Net Working Capital	(25.5)	350.2	324.7
Property, Plant, and Equipment	50.2	3.5	53.7
Mortgages and Loans Receivable (Net)	--	2,128.8	2,128.8
Total Assets	1,960.2	4,140.5	6,100.7
Bonds (Net) and Other Long-Term Liabilities	1,322.4	3,227.8	4,550.2
Total Equity	134.4	489.1	623.5

NOTE 26 – RISK MANAGEMENT

General: The State has elected not to purchase commercial insurance for many of the risks of losses to which it is exposed. The State is self-insured for most general liability and property losses, portions of its employee insurance benefit and employee bonding programs, automobile liability, and workers' compensation and unemployment compensation claims. In fiscal year 1991-92, a self-insured retention of $100,000 was established for the Michigan State Fair Revolving Fund. Areas of risk where some level of insurance coverage is purchased include: aircraft liability, property and loss of rents insurance that may be required by bond or lease agreements, portions of the State employee insurance benefits program, certain State artifacts, builder's risk coverage, boiler and machinery coverage, and employee bonding.

The State has established two internal service funds, which are described below, to account for certain aspects of the risk management program. Fund expenditures for these types of risks are recognized in the paying funds in a manner similar to purchased commercial insurance. For other uninsured losses not covered by an internal service fund program, the State recognizes fund liabilities in the fund incurring the loss when it is probable that a loss has occurred and the amount can be reasonably estimated. As explained more fully in Note #14, losses for workers' compensation and certain types of litigation losses have been recognized as liabilities in the General Long-Term Obligations Account Group, with expenditures recognized when due and payable.

For unemployment claims, the Michigan Employment Security Commission (MESC) bills the State for the actual amount of claims paid to former State employees. The State accrues liabilities for unemployment compensation only to the extent of the amount paid by MESC through September 30. During the 1992-93 fiscal year, expenditures for payments to former State employees totaled $7.1 million. The potential liability for future payments has not been estimated.

The State's two internal service funds, which account for certain areas of risk management, follow accounting standards for insurance related industries in accordance with Statement 10 of the Governmental Accounting Standards Board. This results in a reporting which is very similar to that used in the private insurance industry. The various component programs within the two funds may incur deficits during a given year, but each program's surplus, unearned premium balance, or deficit is considered in calculating future charges or benefit levels.

Risk Management Fund: This fund was established during fiscal year 1989-90 to account for insurance management activities being implemented by the Risk Management Division within the Department of Management and Budget. Thus far the employee bonding program, automotive liability, fleet safety program, Michigan State Fair liability claims, and administrative functions are accounted for as operating activities of this fund. Unearned premium revenue of $4.6 million, which is recorded as deferred revenue, represents contributions in excess of recognized expenses at the benefit program level.

State Sponsored Group Insurance Fund: The Department of Civil Service uses this fund to account for employee and retiree insurance benefit programs, which are largely self-funded. Expenses and liabilities for incurred but not reported or not processed benefit claims, based on preliminary estimates from the plan administrators, have been recorded as liabilities in the amount of $119.6 million. This includes a long-term portion which is recorded at a discounted present value of $54.9 million using a discount rate of 10.5% (first 15 years of disability), 9.0% (next 5 years), and 6.0%, thereafter. Unearned premium revenue of $71.9 million, which has been recorded as deferred revenue, represents fund and employee contributions in excess of recognized expenses at the benefit program level.

NOTE 27 – CONTINGENCIES AND COMMITMENTS

Litigation: The State accrues liabilities related to significant legal proceedings if a loss is probable and reasonably estimable. In the event that a significant, probable, and reasonably estimable loss is not settled prior to the preparation of these statements, the obligation is recorded as a general long-term liability or fund liability, depending on the fund type (see Note #14).

The State is a party to various legal proceedings seeking damages or injunctive or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs or finances. These lawsuits involve programs generally in the areas of corrections, highway maintenance and transportation, social services, tax collection, commerce and budgetary reductions to school districts and governmental units and court funding. Relief sought includes damages in tort cases generally, alleviation of prison overcrowding, improvement of prison medical and mental health care and refund claims under state taxes. The State is also a party to various legal proceedings which, if resolved in the State's favor, would result in contingency gains to the State's General Fund balance, but without material effect upon fund balance. The ultimate dispositions and consequences of all of these proceedings are not presently determinable, but such ultimate dispositions and consequences of any single proceeding or all legal proceedings collectively should not themselves, except as listed below, in the opinion of the Attorney General of the State and the Department of Management and Budget have a material adverse effect on the State's financial position.

In 1991, the Michigan Court of Appeals in Caterpillar, Inc. v Michigan Department of Treasury, upheld a lower court decision finding the capital acquisition deduction ("CAD") provisions of the Michigan Single Business Tax Act ("SBTA") unconstitutional. On July 31, 1992, the Michigan Supreme Court reversed the Court of Appeals and upheld the constitutionality of the CAD as originally enacted. However, in response to the Court of Appeals' Caterpillar decision, the SBTA was amended by 1991 PA 77 ("Act 77") to (i) replace the previous CAD with an apportioned CAD applicable to real and personal property purchases, regardless of location; (ii) modify the SBTA apportionment formula used to determine the applicable SBTA tax base from a three factor (one-third property, one-third payroll and one-third sales) formula to a double-weighted sales (one-quarter property, one-quarter payroll and one-half sales) formula by 1993; and (iii) increase the filing threshold to $60,000 in 1991 and $100,000 in 1992 and beyond. Act 77 made the new CAD formula retroactive to tax years beginning after September 30, 1989. Because of this retroactivity, it contained a fallback provision stating that if a court allowed an unapportioned CAD for 1990, there would be no 1991 CAD. 1991 PA 128, effective October 25, 1991, modified the provisions of Act 77 to eliminate the reference to a fallback provision and established a specific method for calculating the CAD for 1991 regardless of the retroactivity provisions of Act 77. Lawsuits challenging the constitutionality of Act 77 have been filed.

Pending in the Michigan Supreme Court is the case of Michigan Bell v Department of Treasury, Docket Nos. 96347-9, which deals with the property tax liability for Michigan Bell Telephone Company under 1905 PA 282 for the tax years 1984-1986. The question presented for review to the Supreme Court is whether the intangible property of Michigan Bell Telephone Company used in the operation of its telephone business may be valued and taxed along with the real and tangible personal property so used. The total dollar amounts at stake for the three years in controversy related to the intangible property issue are estimated to be in excess of $23,000,000 with an estimated liability for each year after 1986 of from between $8-$15 million dollars per year.

In Thiokol Corp v State of Michigan, USDC-WD No. 4:90-CV-12, the plaintiff is challenging provisions of the Single Business Tax Act which measure business activity by a tax base which is equal to the sum of business income depreciation and compensation as well as other adjustments set forth in § 9 of the Single Business Tax Act, MCL 208.9. The gravamen of plaintiff's complaint is that the State of Michigan is precluded by provisions of ERISA from including in the tax base sums paid by a taxpayer to plans subject to provisions of ERISA. Lawsuits have been filed in 196 cases representing a total amount of refunds sought in the amount of $139,948,339.86.

On September 20, 1991, the Michigan Court of Claims in Miller Brothers, et al v State of Michigan, et al, and Carnagel Oil Associates, et al v State of Michigan, et al issued an Opinion and Order against the State of Michigan, awarding certain owners of mineral rights and their lessees $71,479,000 plus interest, costs and attorney fees. Those lawsuits claim that a 1987 Department of Natural Resources order regulating hydrocarbon exploration and development in an environmentally sensitive area effected a taking of the private mineral rights. On February 20, 1992, the Court of Claims issued an Opinion and Order which established the amount of attorneys' fees and costs to which plaintiff was entitled. The State appealed among other things, the finding of liability and the award of damages, attorneys' fees and costs to the Court of Appeals. On February 22, 1994, the Court of Appeals issued an Opinion affirming the finding of liability but vacated the award and remanded for a redetermination of just compensation. The Court of Appeals Opinion also reversed the award of attorney's fees. The parties may seek further review in the Michigan Supreme Court.

On June 17, 1992, the trial court in the consolidated cases of Grand Traverse County, et al v The State of Michigan, et al, issued a written opinion, which ruled that the State must, under a State statute, pay for the cost of operating all courts in the State. However, the Court rejected plaintiffs' claim that the State Constitution also compelled the State to pay the costs of all courts. On January 5, 1994, the Court of Appeals entered decision which affirmed the trial court, but modified the trial court's decision by holding that there shall be no determination of money damages. Both parties have filed applications for leave in the Michigan Supreme Court. No calculation of the amount due, if any, under the Court's decision will be made until all appeals are exhausted. Similar litigation has been filed in the Court of Claims raising the same issues. However, the claims cover a shorter time period.

On February 8, 1994, the Court of Appeals, on a remand from the Michigan Supreme Court, reaffirmed its earlier decision in Donald Durant, et al v State of Michigan, et al, that local school districts may maintain claims against the State under Const 1963, art 9, § 29 (a portion of the Headlee Amendment) for alleged underfunding of special education and special education transportation, driver education, and school lunch programs. The State has filed an application for leave to appeal from this decision in the Michigan Supreme Court. Gerald Schmidt, et al v State of Michigan, et al and 37 related Headlee Amendment cases, which each raise claims similar to those involved in Durant, are presently pending in the Court of Appeals, awaiting a disposition in Durant. No estimate of the State's potential liability, if any, for these claims can be developed until disposition by the Supreme Court and any subsequent factfinding is conducted.

Note 27 continued on next page.

Federal Grants: The State receives a significant financial assistance from the federal government in the form of grants and entitlements. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations. Substantially all federal grants are subject to either federal single audits or financial and compliance audits by grantor agencies. Questioned costs as a result of these audits may become disallowances after the appropriate review of federal agencies. Material disallowances are recognized as either fund liabilities or liabilities of the General Long-Term Obligations Account Group when the loss becomes probable and reasonably estimable. As of September 30, 1993, the State estimates that additional disallowances of recognized revenue will not be material to the general purpose financial statements.

For fiscal year 1992-93, estimated mispayments (both State and federal shares) totaled approximately $54.5 million in the Aid to Families with Dependent Children (AFDC) program, $52.2 million in the Food Stamp program and $25.2 million in the Medicaid program.

Gain Contingencies: Certain contingent receivables related to the Department of Social Services are not recorded as assets in these statements. Amounts recoverable from Department of Social Services grant recipients for grant overpayments or from responsible third parties are recorded as receivables only if the amount is reasonably measurable, expected to be received within 12 months, and not contingent upon future grants or the completion of major collection efforts by the State. If recoveries are accrued and the program involves federal participation, a liability for the federal share of the recovery is also accrued. The unrecorded amount of potential recoveries which are ultimately collectible cannot be reasonably determined.

Certain mispayments related to Department of Education grant programs are not recorded as assets in these statements. The mispayments generally occur because of the inclusion of ineligible student members in census counts at local school districts and are identified through department audits of membership counts. Receivables resulting from such audits are recognized as the audits are completed.

Construction Projects: As of September 30, 1993, several construction projects were in progress, with several others in the planning stages. A more detailed discussion of construction commitments is included in the construction in progress disclosures (Note #10).

The Department of Transportation has entered into construction contracts for transportation related funds. As of September 30, 1993, the balances remaining in these contracts equalled $348.5 million.

Contingent Liability for Local School District Bonds: Public Act 108 of 1961, as amended, resulted in a contingent liability for the bonds of any school district which are "qualified" by the Superintendent of Public Instruction. Every qualified school district is required to borrow and the State is required to lend to it any amount necessary for the school district to avoid a default on its qualified bonds. In the event that funds are not available in the School Bond Loan Fund in adequate amounts to make such a loan, the State is required to make such loans from the General Fund. As of December 31, 1993, the principal amount of qualified bonds outstanding was $3.8 billion. Total debt service requirements on these bonds including interest will approximate $370.5 million in 1994.

Student Loan Guarantees: The Michigan Higher Education Assistance Authority (MHEAA), which is reported as an enterprise fund in this report, is contingently liable for loans made to students by financial institutions that qualify for guaranty. The State of Michigan, other than MHEAA, is not liable for these loans. The MHEAA's default ratio is currently below 5% for the fiscal year ended September 30, 1993. As a result, the federal government's reinsurance rate for defaults for the fiscal year ended September 30, 1993, is 100%. In the event of future adverse default experience, the MHEAA could be liable for up to 20% of defaulted loans. Management does not expect that all guaranteed loans could default in one year. Accordingly, the MHEAA's expected maximum contingent liability is less than 20% of outstanding guaranteed loans; however, the maximum contingent liability at September 30, 1993 is $369.7 million. Pursuant to the federal Student Loan Reform Act of 1993, future loan reimbursement rates are reduced, administrative cost reimbursement requirements are eliminated, retention rates on future defaulted loan collections is reduced, and certain assets of the agency are the property of the federal government and thus may be subject to federal recovery.

The MHEAA entered into commitment agreements with all lenders that provide, among other things, that the MHEAA will maintain cash and marketable securities of at least 2% of the aggregate unpaid principal amount of all loans they have guaranteed. The MHEAA was in compliance with this requirement as of September 30, 1993.

NOTE 28 – SUBSEQUENT EVENTS

School Finance Reform

During the fiscal year, Public Act 145 of 1993 was passed which exempted all property from most local and intermediate school district property taxes. Subsequent actions by the Legislature, in conjunction with the passage of a ballot proposal during the March 15, 1994 special election, resulted in new school finance provisions.

Sales and use taxes: Effective May 1, 1994, the rate is changed from 4% to 6%, with the increased revenue dedicated to schools.

Personal income tax rate: The personal income tax rate is reduced from 4.6% to 4.4%, effective May 1, 1994.

Homestead property tax credits: Property tax credits, which are reported as "tax expenditures" in this report, will be significantly decreased. Credits provided to renters will be increased.

Property taxes: Beginning with 1994 summer taxes, a state levy of 6 mills will be levied on homesteads and non-homesteads and a local levy of 18 mills will be levied on non-homesteads. Under certain circumstances, local school districts may seek voter approval of "enhancement" mills.

Education Foundation Grants: A formula for implementing a standard statewide "foundation" grant has been established for determining the amount to be provided by the State to the school districts. Over a five year period, all currently low spending districts will be brought up to an indexed level of $5,000. Districts wishing to spend more than $6,500 would be able to request voter approval for up to 18 mills on their homestead property only.

Assessments: Property assessment increases are limited to 5% or the inflation rate, whichever is less, beginning with 1995.

Cigarette Tax: Beginning May 1, 1994, the rate increases from 25 cents to 75 cents per pack. In addition, a new tax equal to 16% has been established on other tobacco products.

Other: Interstate telephone calls will be taxed at 6% and a new real estate transfer tax will be imposed.

STATE OF MICHIGAN

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION

SEPTEMBER 30, 1993
(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED
ASSETS			
Current Assets:			
Cash	$ 1,857	$ 249	$ 68
Equity in Common Cash	607,326	317,710	19,392
Taxes, interest, and penalties receivable	69,651	56	-
Amounts due from other funds	49,030	-	20,846
Amounts due from federal agencies	80,213	799	6,761
Amounts due from local units	23,767	-	-
Inventories	10,253	39	-
Investments	-	-	-
Other current assets	6,569	12,012	166
Total Current Assets	848,666	330,864	47,233
Taxes, interest, and penalties receivable	1,081	-	-
Advances to other funds	-	-	-
Amounts due from local units	73,116	-	-
Investments	-	-	-
Other noncurrent assets	3,492	626	-
Total Assets	$ 926,354	$ 331,490	$ 47,233
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ 12,560	$ 1,087	$ 443
Accounts payable and other liabilities	288,487	17,830	6,627
Amounts due to other funds	47,459	-	1,166
Bonds and notes payable	-	-	-
Interest payable	-	-	-
Deferred revenue	5,333	-	16,459
Total Current Liabilities	353,840	18,917	24,696
Long-Term Liabilities:			
Advances from other funds	-	21,999	-
Deferred revenue	4,721	-	10,972
Other long-term liabilities	-	1,025	-
Total Liabilities	358,561	41,940	35,668
Fund Balances:			
Reserves for:			
Budgetary carry-forwards:			
Encumbrances	19,167	29	343
Restricted revenues	58,364	22,315	5,014
Multi-year projects	177,873	77,272	-
Construction and debt service	-	-	-
Revolving loan programs	841	927	-
Funds held as permanent investments	-	116,317	-
Noncurrent assets	72,967	-	-
Total Reserved	329,213	216,860	5,357
Unreserved	238,580	72,690	6,209
Total Fund Balances	567,793	289,550	11,565
Total Liabilities and Fund Balances	$ 926,354	$ 331,490	$ 47,233

		TOTALS	
OTHER STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ 846	$ 928	$ 3,948	$ 2,950
163,410	-	1,107,837	1,055,989
112,579	-	182,286	219,360
176,410	64	246,350	93,088
645	-	88,419	105,671
44,914	-	68,681	78,845
-	-	10,293	11,042
100	27,482	27,582	67,456
3,194	197	22,137	19,545
502,098	28,670	1,757,532	1,653,945
3,080	-	4,160	4,695
1,347	-	1,347	1,532
1,911	-	75,027	83,300
31,929	-	31,929	36,375
-	-	4,117	5,479
$ 540,365	$ 28,670	$ 1,874,112	$ 1,785,328
$ 8,904	$ -	$ 22,995	$ 19,662
45,174	410	358,528	345,320
104,951	6,477	160,053	325,592
91,600	4,095	95,695	11,800
401	-	401	-
6,658	110	28,560	5,187
257,688	11,092	666,232	707,561
-	-	21,999	-
3,080	60	18,832	15,568
-	-	1,025	949
260,768	11,151	708,088	724,078
16,068	-	35,607	20,937
5,240	-	90,932	73,799
11,188	-	266,334	250,798
-	2,017	2,017	30,251
-	-	1,768	1,735
42,224	-	158,541	148,336
3,258	-	76,226	92,634
77,977	2,017	631,424	618,489
201,621	15,502	534,601	442,761
279,598	17,519	1,166,025	1,061,250
$ 540,365	$ 28,670	$ 1,874,112	$ 1,785,328

* Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.

STATE OF MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - BY CLASSIFICATION

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED
REVENUES			
Taxes	$ 1,238,681	$ 65	$ -
From federal agencies	448,813	3,749	151,991
From local agencies	34,382	150	757
From services	282	-	-
From licenses and permits	78,573	56,390	7,862
Miscellaneous	38,775	54,046	6,209
Total Revenues	1,839,505	114,400	166,819
EXPENDITURES			
Current:			
General government	-	-	-
Education	-	-	-
Health and welfare	-	-	-
Public safety and corrections	-	-	-
Conservation, recreation, and agriculture	-	64,382	-
Labor, commerce, and regulatory	-	-	152,287
Transportation	1,240,270	-	-
Capital outlay	517,082	9,414	24
Debt service:			
Capital lease payments	223	-	1,105
Total Expenditures	1,757,574	73,796	153,415
Excess of Revenues over (under) Expenditures	81,930	40,604	13,404
OTHER FINANCING SOURCES (USES)			
Proceeds from bond and bond anticipation note issues	-	14,062	-
Capital lease acquisitions	99	-	15
Operating transfers in	587,788	14,043	5,942
Operating transfers out	(741,541)	(101,116)	(18,722)
Total Other Financing Sources (Uses)	(153,654)	(73,011)	(12,765)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(71,724)	(32,407)	639
Fund Balances - Beginning of fiscal year	639,516	339,970	10,927
Equity transfers from other funds	584	9	-
Equity transfers to other funds	(584)	(18,023)	-
Fund Balances - End of fiscal year	$ 567,793	$ 289,550	$ 11,565

		TOTALS	
		FISCAL YEARS ENDED	
OTHER STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 1,887,980	$ -	$ 3,126,726	$ 2,968,926
57,370	-	661,922	657,796
889	-	36,178	62,875
-	62	344	306
-	7,365	150,189	123,480
8,102	1,775	108,907	119,093
1,954,341	9,202	4,084,266	3,932,476
102,505	-	102,505	106,160
3,398,576	37,762	3,436,338	3,184,517
4,144	-	4,144	-
355	-	355	-
-	-	64,382	63,781
-	-	152,287	153,889
-	6,892	1,247,162	1,180,292
-	-	526,520	504,165
-	-	1,327	1,399
3,505,580	44,654	5,535,019	5,194,203
(1,551,239)	(35,452)	(1,450,753)	(1,261,727)
-	44,579	58,641	578,401
-	-	114	134
1,844,842	1,020	2,453,636	1,945,393
(25,408)	(52,062)	(938,848)	(1,059,387)
1,819,434	(6,463)	1,573,541	1,464,541
268,195	(41,915)	122,789	202,814
11,402	59,434	1,061,250	820,841
-	-	593	53,380
-	-	(18,607)	(15,785)
$ 279,598	$ 17,519	$ 1,166,025	$ 1,061,250

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - BY CLASSIFICATION
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	TRANSPORTATION RELATED		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ 1,243,036	$ 1,238,681	$ (4,355)
From federal agencies	239,245	277,285	38,040
From local agencies	32,669	32,595	(73)
From services	282	282	-
From licenses and permits	78,581	78,573	(8)
Miscellaneous	29,761	29,824	63
Operating transfers in	511,065	587,788	76,723
Total Revenues and Other Sources	2,134,639	2,245,028	110,389
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Management and Budget	-	-	-
Education	-	-	-
Social Services	-	-	-
Transportation	2,333,883	2,250,919	82,964
Commerce	-	-	-
Labor	-	-	-
Natural Resources	-	-	-
Total Expenditures, Operating Transfers Out, and Encumbrances	2,333,883	2,250,919	82,964
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (199,245)	(5,891)	$ 193,353
Reconciling Items:			
Encumbrances at September 30		19,167	
Funds not annually budgeted		(85,000)	
Net Reconciling Items		(65,832)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(71,724)	
FUND BALANCES (GAAP BASIS)			
Beginning balances		639,516	
Equity transfers from other funds		584	
Equity transfers to other funds		(584)	
Ending balances (GAAP Basis)		$ 567,793	

CONSERVATION AND RECREATION RELATED			REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ 88	$ 65	$ (23)	$ -	$ -	$ -	$ 1,896,776	$ 1,887,980	$ (8,796)
3,462	3,749	287	145,128	151,991	6,863	56,725	57,370	645
-	-	-	728	757	29	889	889	-
-	-	-	-	-	-	-	-	-
56,415	56,390	(25)	7,861	7,862	-	-	-	-
40,209	44,383	4,174	5,823	5,828	6	5,439	7,655	2,216
14,038	14,038	-	6,088	5,942	(146)	1,522,992	1,800,591	277,599
114,212	118,624	4,412	165,629	172,380	6,751	3,482,821	3,754,484	271,663
-	-	-	-	-	-	111,645	104,939	6,707
-	-	-	-	-	-	3,405,559	3,410,342	(4,783)
-	-	-	-	-	-	1,974	1,136	838
-	-	-	-	-	-	-	-	-
-	-	-	1,216	1,122	94	-	-	-
-	-	-	172,776	171,344	1,432	-	-	-
126,945	113,957	12,988	-	-	-	-	-	-
126,945	113,957	12,988	173,992	172,466	1,527	3,519,179	3,516,417	2,762
$ (12,733)	4,667	$ 17,400	$ (8,363)	(86)	$ 8,278	$ (36,358)	238,067	$ 274,425
	29			343			16,068	
	(37,103)			381			14,061	
	(37,074)			724			30,128	
	(32,407)			639			268,195	
	339,970			10,927			11,402	
	9			-			-	
	(18,023)			-			-	
	$ 289,550			$ 11,565			$ 279,598	

This schedule continued on next page.

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - BY CLASSIFICATION (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

Statutory/Budgetary Basis	COMPONENT UNITS BUDGET	COMPONENT UNITS ACTUAL	COMPONENT UNITS VARIANCE FAVORABLE (UNFAVORABLE)	TOTALS BUDGET	TOTALS ACTUAL	TOTALS VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES						
Taxes	$ -	$ -	$ -	$ 3,139,900	$ 3,126,726	$ (13,174)
From federal agencies	-	-	-	444,560	490,394	45,834
From local agencies	-	-	-	34,286	34,241	(45)
From services	-	-	-	282	282	-
From licenses and permits	-	-	-	142,857	142,824	(33)
Miscellaneous	-	-	-	81,231	87,690	6,459
Operating transfers in	-	-	-	2,054,183	2,408,359	354,175
Total Revenues and Other Sources	-	-	-	5,897,300	6,290,516	393,216
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT						
Management and Budget	-	-	-	111,645	104,939	6,707
Education	-	-	-	3,405,559	3,410,342	(4,783)
Social Services	-	-	-	1,974	1,136	838
Transportation	-	-	-	2,333,883	2,250,919	82,964
Commerce	-	-	-	1,216	1,122	94
Labor	-	-	-	172,776	171,344	1,432
Natural Resources	-	-	-	126,945	113,957	12,988
Total Expenditures, Operating Transfers Out, and Encumbrances	-	-	-	6,153,999	6,053,758	100,240
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ -	-	$ -	$ (256,699)	236,758	$ 493,456
Reconciling Items:						
Encumbrances at September 30		-			35,607	
Funds not annually budgeted		(41,915)			(149,576)	
Net Reconciling Items		(41,915)			(113,969)	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(41,915)			122,789	
FUND BALANCES (GAAP BASIS)						
Beginning balances		59,434			1,061,250	
Equity transfers from other funds		-			593	
Equity transfers to other funds		-			(18,607)	
Ending balances (GAAP Basis)		$ 17,519			$ 1,166,025	

STATE OF MICHIGAN
DESCRIPTIONS OF SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993

STATE AERONAUTICS FUND

This fund, established by P.A. 327 of 1945, is administered by the Department of Transportation for improvement of airports. Its budget is subject to annual legislative review and appropriation. Financing consists mostly of federal and local contributions and aviation fuel taxes. Expenditures and transfers are for administration and local airport improvement project costs.

STATE TRUNKLINE FUND

This fund is administered by the Department of Transportation for construction and maintenance of highways. Its overall budget is subject to annual legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Financing consists primarily of a transfer from the Michigan Transportation Fund, federal aid, and local participation. Expenditures and outgoing transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. In accordance with statutory provisions, any fund balance not otherwise reserved at fiscal year-end is appropriated and reserved for road and bridge construction purposes.

The State Trunkline Fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Loan repayments, which are received directly by the State Trunkline Fund, are not pledged to the payment of the bonds which originally provided the financing to make the loans.

MICHIGAN TRANSPORTATION FUND

This fund, established by section 10 of P.A. 51 of 1951, as amended, is administered jointly by the Department of Transportation and the Department of State. The fund is a receiving fund for the several tax revenues dedicated to highway purposes. Transfers are made from the fund to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

COMPREHENSIVE TRANSPORTATION FUND

This fund, established by P.A. 327 of 1972, as amended, is administered by the Department of Transportation. It was created to account for the planning and development of public transportation systems within the State. Financing is provided by federal and local revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund. In accordance with statutory provisions, any unencumbered balance at fiscal year-end lapses and reverts to the fund for appropriation in the following fiscal year. In addition to providing direct expenditures for public transportation purposes, the fund is used to provide financing for entities providing bus and rail services. Such financing is provided primarily by purchasing buses and reselling them to private carriers on a credit basis and by purchasing and leasing back rail-related assets.

COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of State trunkline revenue dedicated bonds. These bonds are being used in part to finance the costs of reconstructing and resurfacing portions of the State trunkline system. The bonds were also used to finance loans to local units of government for reconstructing and resurfacing roadways. These loans are recorded as assets in the State Trunkline Fund, which receives the loan repayments. The long-term liabilities recorded in the fund represent the accrual of arbitrage earnings rebates. Residual balances from specific bond issues are transferred to the State Trunkline Fund by equity transfer.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

This fund was established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, to account for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are being used to finance part of the construction and acquisition of comprehensive transportation projects.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
SEPTEMBER 30, 1993
(In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND
ASSETS			
Current Assets:			
Cash	$ -	$ 237	$ 1,620
Equity in Common Cash	11,240	207,355	152,428
Taxes, interest, and penalties receivable	753	-	68,898
Amounts due from other funds	-	37,817	-
Amounts due from federal agencies	7,093	32,854	-
Amounts due from local units	3,201	19,409	-
Inventories	-	10,253	-
Other current assets	88	5,113	463
Total Current Assets	22,376	313,038	223,408
Taxes, interest, and penalties receivable	-	-	1,081
Amounts due from local units	1,154	71,731	-
Other noncurrent assets:			
Amounts due from private carriers	-	-	-
Land contracts outstanding	-	1,631	-
Miscellaneous accounts receivable	-	-	-
Total other noncurrent assets	-	1,631	-
Total Assets	$ 23,530	$ 386,400	$ 224,489
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ 868	$ 6,496	$ 750
Accounts payable and other liabilities	7,501	69,384	175,308
Amounts due to other funds	-	108	47,351
Deferred revenue	1,155	3,306	-
Total Current Liabilities	9,524	79,295	223,408
Long-Term Liabilities:			
Deferred revenue	-	1,631	1,081
Other long-term liabilities	-	-	-
Total Liabilities	9,524	80,926	224,489
Fund Balances:			
Reserves for:			
Budgetary carry-forwards:			
Encumbrances	1,214	5,917	-
Restricted revenues	-	57,472	-
Multi-year projects	7,520	170,354	-
Revolving loan programs	841	-	-
Noncurrent assets	1,154	71,731	-
Total Reserved	10,729	305,474	-
Unreserved	3,278	-	-
Total Fund Balances	14,007	305,474	-
Total Liabilities and Fund Balances	$ 23,530	$ 386,400	$ 224,489

			TOTALS	
COMPREHENSIVE TRANSPORTATION FUND	COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ -	$ -	$ -	$ 1,857	$ 2,412
23,612	183,090	29,600	607,326	658,400
-	-	-	69,651	63,439
10,478	735	-	49,030	46,687
2,056	38,209	-	80,213	92,454
81	1,076	-	23,767	25,819
-	-	-	10,253	11,005
901	4	-	6,569	5,096
37,128	223,114	29,600	848,666	905,312
-	-	-	1,081	1,101
231	-	-	73,116	82,207
1,707	-	-	1,707	2,105
71	-	-	1,702	1,842
83	-	-	83	852
1,861	-	-	3,492	4,798
$ 39,220	$ 223,114	$ 29,600	$ 926,354	$ 993,418
$ 128	$ 4,311	$ 8	$ 12,560	$ 16,961
5,594	30,512	188	288,487	281,608
-	-	-	47,459	44,934
337	535	-	5,333	5,060
6,060	35,358	196	353,840	348,563
2,009	-	-	4,721	5,325
-	-	-	-	14
8,069	35,358	196	358,561	353,902
12,036	-	-	19,167	20,909
892	-	-	58,364	46,427
-	-	-	177,873	173,864
-	-	-	841	844
83	-	-	72,967	82,781
13,011	-	-	329,213	324,827
18,141	187,757	29,404	238,580	314,690
31,151	187,757	29,404	567,793	639,516
$ 39,220	$ 223,114	$ 29,600	$ 926,354	$ 993,418

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993

(In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND
REVENUES			
Taxes	$ 7,361	$ -	$ 1,187,370
From federal agencies	56,135	210,821	-
From local agencies	11,645	20,950	-
From services	282	-	-
From licenses and permits	244	14,298	63,957
Miscellaneous	532	23,215	4,821
Total Revenues	76,198	269,284	1,256,147
EXPENDITURES			
Current:			
Transportation	75,805	407,360	603,081
Capital outlay	3,675	256,766	-
Debt service:			
Capital lease payments	-	223	-
Total Expenditures	79,480	664,349	603,081
Excess of Revenues over (under) Expenditures	(3,282)	(395,065)	653,066
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issues	-	-	-
Capital lease acquisitions	-	99	-
Operating transfers in	3	462,765	7,967
Operating transfers out	(869)	(50,352)	(661,033)
Total Other Financing Sources (Uses)	(866)	412,512	(653,066)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(4,148)	17,447	-
Fund Balances - Beginning of fiscal year	18,154	287,443	-
Equity transfers from other funds	-	584	-
Equity transfers to other funds	-	-	-
Fund Balances - End of fiscal year	$ 14,007	$ 305,474	$ -

			TOTALS	
		COMBINED	FISCAL YEARS ENDED	
COMPREHENSIVE TRANSPORTATION FUND	COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND	COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	**SEPTEMBER 30, 1993**	SEPTEMBER 30, 1992
$ 43,951	$ -	$ -	$ 1,238,681	$ 1,167,814
10,329	171,528	-	448,813	445,357
-	1,786	-	34,382	59,814
-	-	-	282	279
74	-	-	78,573	63,049
1,257	7,831	1,119	38,775	36,860
55,611	181,146	1,119	1,839,505	1,773,174
146,490	47	7,487	1,240,270	1,174,803
-	256,641	-	517,082	488,810
-	-	-	223	233
146,490	256,688	7,487	1,757,574	1,663,846
(90,879)	(75,542)	(6,368)	81,930	109,328
-	-	-	-	270,483
-	-	-	99	123
117,052	-	-	587,788	537,461
(26,196)	(3,089)	(1)	(741,541)	(690,833)
90,856	(3,089)	(1)	(153,654)	117,235
(23)	(78,631)	(6,369)	(71,724)	226,563
31,174	266,971	35,773	639,516	412,954
-	-	-	584	-
-	(584)	-	(584)	-
$ 31,151	$ 187,757	$ 29,404	$ 567,793	$ 639,516

STATE OF MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	STATE AERONAUTICS FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ 7,374	$ 7,361	$ (13)
From federal agencies	30,858	56,135	25,277
From local agencies	11,645	11,645	-
From services	282	282	-
From licenses and permits	244	244	-
Miscellaneous	532	532	-
Operating transfers in	3	3	-
Total Revenues and Other Sources	50,937	76,201	25,264
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Transportation	84,123	81,563	2,561
Total Expenditures, Operating Transfers Out, and Encumbrances	84,123	81,563	2,561
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (33,186)	(5,361)	$ 27,825
Reconciling Items:			
Encumbrances at September 30		1,214	
Funds not annually budgeted		-	
Net Reconciling Items		1,214	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(4,148)	
FUND BALANCES (GAAP BASIS)			
Beginning balances		18,154	
Equity transfers from other funds		-	
Equity transfers to other funds		-	
Ending balances (GAAP Basis)		$ 14,007	

STATE TRUNKLINE FUND			MICHIGAN TRANSPORTATION FUND			COMPREHENSIVE TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ 1,188,162	$ 1,187,370	$ (793)	$ 47,500	$ 43,951	$ (3,549)
198,076	210,821	12,745	-	-	-	10,311	10,329	18
21,023	20,950	(73)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
14,301	14,298	(3)	63,963	63,957	(6)	74	74	-
23,214	23,215	1	4,789	4,821	31	1,226	1,257	31
396,527	462,765	66,238	7,967	7,967	-	106,567	117,052	10,485
653,141	732,049	78,907	1,264,882	1,264,114	(767)	165,678	172,663	6,985
776,671	720,519	56,152	1,282,076	1,264,114	17,961	191,013	184,723	6,290
776,671	720,519	56,152	1,282,076	1,264,114	17,961	191,013	184,723	6,290
$ (123,530)	11,530	$ 135,060	$ (17,194)	-	$ 17,194	$ (25,334)	(12,059)	$ 13,275
	5,917			-			12,036	
	-			-			-	
	5,917			-			12,036	
	17,447			-			(23)	
	287,443			-			31,174	
	584			-			-	
	-			-			-	
	$ 305,474			$ -			$ 31,151	

This schedule continued on next page.

STATE OF MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	FUNDS NOT ANNUALLY BUDGETED	
	COMBINED STATE TRUNKLINE FUND BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND
Statutory/Budgetary Basis	ACTUAL	ACTUAL
REVENUES AND OTHER SOURCES		
Taxes	$ -	$ -
From federal agencies	-	-
From local agencies	-	-
From services	-	-
From licenses and permits	-	-
Miscellaneous	-	-
Operating transfers in	-	-
Total Revenues and Other Sources	-	-
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT		
Transportation	-	-
Total Expenditures, Operating Transfers Out, and Encumbrances	-	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	-
Reconciling Items:		
Encumbrances at September 30	-	-
Funds not annually budgeted	(78,631)	(6,369)
Net Reconciling Items	(78,631)	(6,369)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	(78,631)	(6,369)
FUND BALANCES (GAAP BASIS)		
Beginning balances	266,971	35,773
Equity transfers from other funds	-	-
Equity transfers to other funds	(584)	-
Ending balances (GAAP Basis)	$ 187,757	$ 29,404

TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ 1,243,036	$ 1,238,681	$ (4,355)
239,245	277,285	38,040
32,669	32,595	(73)
282	282	-
78,581	78,573	(8)
29,761	29,824	63
511,065	587,788	76,723
2,134,639	2,245,028	110,389
2,333,883	2,250,919	82,964
2,333,883	2,250,919	82,964
$ (199,245)	(5,891)	$ 193,353
	19,167	
	(85,000)	
	(65,832)	
	(71,724)	
	639,516	
	584	
	(584)	
	$ 567,793	

STATE OF MICHIGAN
DESCRIPTIONS OF SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993

GAME AND FISH PROTECTION FUND

This fund was established by P.A. 17 of 1921. It is financed principally from hunting and fishing license fees whose purpose is to support the conservation program for preservation and control of fish and wildlife. Activity in this fund consists primarily of capital outlay expenditures and transfers to the General Fund. The transfers finance appropriations for game and fish related activities and for grants to counties, made under provisions of P.A. 91 of 1925, as payment in lieu of taxes on certain State owned real property purchased from this fund.

MICHIGAN STATE WATERWAYS FUND

This fund was established by P.A. 320 of 1947. Subsequent legislation, such as P.A. 56 of 1988 which provided funding for the Michigan Harbor Development Program, has broadened the fund's activities and increased its sources of revenue. It receives portions of watercraft registration fees and gasoline taxes, some of which are collected by other State funds and credited as operating transfers into this fund. These revenues are directed primarily toward improvement of lake harbors, docking facilities, and inland waterways. Expenditures for certain items, such as capital outlay, grants to local units, and marine fuel purchases, are made directly from the fund. Other expenditures are recorded in the General Fund, with financing provided by transfers from this fund.

MARINE SAFETY FUND

This fund was established by P.A. 303 of 1967, as amended, and is financed principally by 49% of watercraft registration fees imposed by this act. Through transfers to the General Fund and grants to counties, this fund provides educational programs, law enforcement and the establishment of regulations for the operation of watercraft on the waters of this State.

GAME AND FISH PROTECTION TRUST FUND

This fund was created by P.A. 73 of 1986 to restrict certain assets for the purpose of generating interest and earnings for transfer to the Game and Fish Protection Fund each year. Initial funding in 1985-86 was from the State Recreational Land Acquisition Trust Fund. Additional investment funding is being provided primarily by mineral royalties from lands acquired by the Game and Fish Protection Fund, direct sale proceeds, and other revenues which, by statute, are retained for permanent investment.

STATE PARK IMPROVEMENT FUND

This fund was established by P.A. 149 of 1960, as amended, and is financed mainly by State park permit fees necessary for entry by motor vehicle into designated State parks. The resources of this fund are subject to appropriations by the Legislature for operation, the acquisition of land, construction, development, and improvement of State parks. Operating transfers out consist mainly of transfers to the General Fund for support of park operations and administrative expenditures.

The equity transfer from other funds reported in this year's statements reflects the close-out of the State Park Revenue Bond Fund, a debt service fund which was used to account for debt service on certain revenue dedicated bonds. Prior to January 1, 1993 and the final retirement of those bonds, permit fees were recorded as revenues of the debt service fund and excess balances were transferred to this fund. Since January 1, 1993, such fees are recorded as direct revenue of this fund.

RECREATION BOND FUND - LOCAL PROJECTS

This fund was established by P.A. 329 of 1988 to account for the proceeds of $70.0 million of general obligation bonds approved by the people in November, 1988 as part of a $140.0 million bond package for financing state and local public recreation projects. This approval was obtained under the general authority of Section 15, Article 9, of the 1963 State Constitution. Public Act 329 of 1988, as amended, specifies that $65.0 million of the proceeds of these bonds be used to provide grants and loans to local units of government for local public recreation projects. It also specifies that $5.0 million be used to provide grants and loans to local units of government for the purpose of discouraging development of open space and undeveloped lands. These activities are accounted for in this fund, which is administered by the Department of Natural Resources.

ENVIRONMENTAL PROTECTION BOND FUND

This fund was established by P.A. 328 of 1988 to account for the proceeds of $660.0 million of general obligation bonds approved by the people in November, 1988. This approval was obtained under the general authority of Section 15, Article 9, of the 1963 State Constitution. The bonds are authorized for financing environmental protection programs to clean up sites of toxic and other environmental contamination and contribute to a regional Great Lakes protection fund, address solid waste problems, treat sewage and other water quality problems, and reuse industrial sites and preserve open space. Public Act 328 of 1988 also specifies that not more than $425.0 million of the proceeds of these bonds be available to clean up sites of toxic and other environmental contamination, not more than $150.0 million be available for solid waste projects, not more than $60.0 million be available to capitalize the State Water Pollution Control Loan Fund (recorded as equity transfers to that internal service fund), and not more than $25.0 million be available to fund Michigan's participation in a regional Great Lakes Protection Fund. This fund is administered by the Department of Natural Resources.

Public Act 31 of 1993 required that, for fiscal years 1992-93 and 1993-94, any interest or other investment earnings from those, or prior fiscal years, be deposited in the State Water Pollution Control Loan Fund. This year's equity transfers out include 1992-93 and prior year amounts. This year's bond proceeds include additional HOST bonds, as well as the Water Pollution Control Bond - Series 1992, which is being held by the Water Pollution Control Loan Fund as an investment.

MICHIGAN NATURAL RESOURCES TRUST FUND

The State Constitution was amended in 1984 to provide for a "Michigan Natural Resources Trust Fund." Public Act 101 of 1985 was passed as the implementing statute. Most rentals, royalties and other revenues derived from mineral, coal, oil, and gas interests on land owned by the State are credited to the fund for future purchases of land for recreational purposes, for administrative expenditures, and for the payment of any taxes owed by the State on the land. The fund is also required to make distributions through September 30, 1994 to the Michigan Strategic Fund. In accordance with statutory provisions, this fund is to accumulate up to $200 million in reserves for permanent investments. Beginning with the fiscal year ending September 30, 1993, the amount accumulated toward the cap is shown as a reservation of fund balance.

WATER POLLUTION CONTROL BOND FUND

This fund was established by P.A. 329 of 1966 to account for the proceeds of $335.0 million of general obligation bonds approved by the people in November, 1968, for the prevention and abatement of water pollution. The proceeds of these bonds were used to assist local units of government in financing construction of facilities for treatment of sewage and other liquid wastes.

Public Act 30 of 1993 required that the following be deposited in the State Water Pollution Control Loan Fund: the unobligated proceeds of the sale of the bonds; any premiums and accrued interest received; any transfers from other accounts; and any interest earned on temporary investments of the bond proceeds. Accordingly, at September 30, 1993, this fund's equity was transferred to the State Water Pollution Control Loan Fund.

MICHIGAN NONGAME FISH AND WILDLIFE FUND

This fund was established by P.A. 189 of 1983, as amended, to provide for research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this state. Through 1994, or sooner if the assets of the fund exceed $6.0 million, Michigan state income taxpayers may designate $2 or more of their tax refund to this fund. The fund may also receive appropriations from other funds, donations, and investment income.

Annually, 20% or more of the fund's revenues must be retained for permanent investment. The State Treasurer directs the fund's investments. Expenditures for grants are appropriated and recorded in this fund. Other expenditures are appropriated and recorded in the General Fund, with financing provided by operating transfers from this fund.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED
SEPTEMBER 30, 1993
(In Thousands)

	GAME AND FISH PROTECTION FUND	MICHIGAN STATE WATERWAYS FUND	MARINE SAFETY FUND	GAME AND FISH PROTECTION TRUST FUND	STATE PARK IMPROVEMENT FUND
ASSETS					
Current Assets:					
Cash	$ 213	$ -	$ 2	$ 10	$ 17
Equity in Common Cash	4,228	29,901	4,515	41,920	1,274
Taxes, interest, and penalties receivable	-	56	-	-	-
Amounts due from federal agencies	558	45	197	-	-
Amounts due from local units	-	-	-	-	-
Inventories	-	39	-	-	-
Other current assets	7,279	1	-	485	26
Total Current Assets	12,278	30,042	4,714	42,415	1,316
Other noncurrent assets	-	-	-	-	-
Total Assets	$ 12,278	$ 30,042	$ 4,714	$ 42,415	$ 1,316
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 48	$ 25	$ 48	$ -	$ 31
Accounts payable and other liabilities	21	303	25	-	74
Amounts due to other funds	-	-	-	-	-
Total Current Liabilities	69	328	73	-	105
Long-Term Liabilities:					
Advances from other funds	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-
Total Liabilities	69	328	73	-	105
Fund Balances:					
Reserves for:					
Budgetary carry-forwards:					
Encumbrances	-	-	-	-	-
Restricted revenues	6,661	15,653	-	-	-
Multi-year projects	378	10,739	-	-	2,521
Revolving loan programs	-	-	-	-	-
Funds held as permanent investments	1,603	-	-	42,414	-
Total Reserved	8,642	26,392	-	42,414	2,521
Unreserved	3,567	3,322	4,641	-	(1,309)
Total Fund Balances	12,209	29,715	4,641	42,414	1,212
Total Liabilities and Fund Balances	$ 12,278	$ 30,042	$ 4,714	$ 42,415	$ 1,316

RECREATION BOND FUND-LOCAL PROJECTS	ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN NONGAME FISH AND WILDLIFE FUND	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ -	$ -	$ 7	$ -	$ 249	$ 143
21,432	55,940	155,703	2,796	317,710	373,091
-	-	-	-	56	12
-	-	-	-	799	384
-	-	-	-	-	421
-	-	-	-	39	37
-	73	4,147	-	12,012	13,543
21,432	56,013	159,858	2,796	330,864	387,631
-	626	-	-	626	681
$ 21,432	$ 56,639	$ 159,858	$ 2,796	$ 331,490	$ 388,312
$ 14	$ 615	$ 307	$ -	$ 1,087	$ 1,688
3,884	8,086	5,418	20	17,830	11,365
-	-	-	-	-	34,354
3,897	8,701	5,724	20	18,917	47,407
-	21,999	-	-	21,999	-
31	994	-	-	1,025	935
3,928	31,693	5,724	20	41,940	48,342
-	-	-	29	29	27
-	-	-	-	22,315	17,379
-	-	63,634	-	77,272	76,934
-	927	-	-	927	890
-	-	70,300	2,000	116,317	109,442
-	927	133,934	2,029	216,860	204,672
17,504	24,019	20,199	748	72,690	135,298
17,504	24,946	154,134	2,777	289,550	339,970
$ 21,432	$ 56,639	$ 159,858	$ 2,796	$ 331,490	$ 388,312

* The prior year column was reclassified to reflect the reservation of fund balance for funds held as permanent investments by the Michigan Natural Resources Trust Fund.

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	GAME AND FISH PROTECTION FUND	MICHIGAN STATE WATERWAYS FUND	MARINE SAFETY FUND	GAME AND FISH PROTECTION TRUST FUND	STATE PARK IMPROVEMENT FUND
REVENUES					
Taxes	$ -	$ 65	$ -	$ -	$ -
From federal agencies	2,606	644	322	-	150
From local agencies	-	-	-	-	-
From licenses and permits	38,450	4,889	4,752	-	8,298
Miscellaneous	1,966	2,790	119	5,485	-
Total Revenues	43,022	8,389	5,193	5,485	8,448
EXPENDITURES					
Current:					
Conservation, recreation, and agriculture	-	1,338	2,407	-	72
Capital outlay	173	2,180	-	-	454
Total Expenditures	173	3,518	2,407	-	525
Excess of Revenues over (under) Expenditures	42,848	4,870	2,786	5,485	7,923
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issues	-	-	-	-	-
Operating transfers in	3,502	10,371	2	-	162
Operating transfers out	(47,827)	(9,823)	(2,111)	(1,336)	(7,406)
Total Other Financing Sources (Uses)	(44,324)	548	(2,109)	(1,336)	(7,244)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(1,476)	5,418	677	4,148	678
Fund Balances - Beginning of fiscal year	13,685	24,296	3,964	38,266	524
Equity transfers from other funds	-	-	-	-	9
Equity transfers to other funds	-	-	-	-	-
Fund Balances - End of fiscal year	$ 12,209	$ 29,715	$ 4,641	$ 42,414	$ 1,212

					TOTALS FISCAL YEARS ENDED	
RECREATION BOND FUND-LOCAL PROJECTS	ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NATURAL RESOURCES TRUST FUND	WATER POLLUTION CONTROL BOND FUND	MICHIGAN NONGAME FISH AND WILDLIFE FUND	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ -	$ -	$ -	$ -	$ -	$ 65	$ 68
-	-	28	-	-	3,749	3,550
-	-	-	150	-	150	344
-	-	-	-	-	56,390	46,882
949	3,139	38,694	90	813	54,046	56,851
949	3,139	38,722	240	813	114,400	107,695
15,049	32,973	12,072	367	104	64,382	63,781
-	-	6,607	-	-	9,414	15,318
15,049	32,973	18,679	367	104	73,796	79,099
(14,100)	(29,834)	20,043	(126)	710	40,604	28,596
-	14,062	-	-	-	14,062	191,439
-	6	1	-	-	14,043	19,449
(257)	(11,000)	(21,131)	(2)	(224)	(101,116)	(100,823)
(257)	3,067	(21,130)	(2)	(224)	(73,011)	110,066
(14,357)	(26,767)	(1,087)	(128)	485	(32,407)	138,662
31,861	66,292	155,669	3.123	2,291	339,970	217,094
-	-	-	-	-	9	-
-	(14,579)	(449)	(2,995)	-	(18,023)	(15,785)
$ 17,504	$ 24,946	$ 154,134	$ -	$ 2,777	$ 289,550	$ 339,970

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL- SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	GAME AND FISH PROTECTION FUND			MICHIGAN STATE WATERWAYS FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES						
Taxes	$ -	$ -	$ -	$ 88	$ 65	$ (23)
From federal agencies	2,319	2,606	287	644	644	-
From licenses and permits	38,476	38,450	(26)	4,889	4,889	-
Miscellaneous	1,940	1,966	26	2,790	2,790	-
Operating transfers in	3,502	3,502	-	10,371	10,371	-
Total Revenues and Other Sources	46,237	46,524	288	18,782	18,760	(23)
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT						
Natural Resources	51,769	48,000	3,769	17,350	13,341	4,009
Total Expenditures, Operating Transfers Out, and Encumbrances	51,769	48,000	3,769	17,350	13,341	4,009
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (5,533)	(1,476)	$ 4,057	$ 1,432	5,418	$ 3,986
Reconciling Items:						
Encumbrances at September 30		-			-	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(1,476)			5,418	
FUND BALANCES (GAAP BASIS)						
Beginning balances		13,685			24,298	
Equity transfers from other funds		-			-	
Equity transfers to other funds		-			-	
Ending balances (GAAP Basis)		$ 12,209			$ 29,715	

MARINE SAFETY FUND			STATE PARK IMPROVEMENT FUND			MICHIGAN NATURAL RESOURCES TRUST FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
322	322	-	150	150	-	28	28	-
4,752	4,752	-	8,298	8,298	-	-	-	-
119	119	-	-	-	-	34,547	38,694	4,147
2	2	-	162	162	-	1	1	-
5,195	5,195	-	8,609	8,610	-	34,575	38,723	4,147
5,023	4,518	506	8,043	7,931	112	44,206	39,810	4,396
5,023	4,518	506	8,043	7,931	112	44,206	39,810	4,396
$ 171	677	$ 506	$ 566	678	$ 113	$ (9,630)	(1,087)	$ 8,543
	-			-			-	
	-			-			-	
	-			-			-	
	677			678			(1,087)	
	3,964			524			155,669	
	-			9			-	
	-			-			(449)	
	$ 4,641			$ 1,212			$ 154,134	

This schedule continued on next page.

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL-
SPECIAL REVENUE FUNDS - CONSERVATION AND RECREATION RELATED (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN NONGAME FISH AND WILDLIFE FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ -	$ -	$ -
From federal agencies	-	-	-
From licenses and permits	-	-	-
Miscellaneous	813	813	-
Operating transfers in	-	-	-
Total Revenues and Other Sources	813	813	-
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Natural Resources	552	357	196
Total Expenditures, Operating Transfers Out, and Encumbrances	552	357	196
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ 261	456	$ 196
Reconciling Items:			
Encumbrances at September 30		29	
Funds not annually budgeted		-	
Net Reconciling Items		29	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		485	
FUND BALANCES (GAAP BASIS)			
Beginning balances		2,291	
Equity transfers from other funds		-	
Equity transfers to other funds		-	
Ending balances (GAAP Basis)		$ 2,777	

FUNDS NOT ANNUALLY BUDGETED				TOTALS		
GAME AND FISH PROTECTION TRUST FUND	RECREATION BOND FUND-LOCAL PROJECTS	ENVIRONMENTAL PROTECTION BOND FUND	WATER POLLUTION CONTROL BOND FUND			
ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ -	$ 88	$ 65	$ (23)
-	-	-	-	3,462	3,749	287
-	-	-	-	56,415	56,390	(25)
-	-	-	-	40,209	44,383	4,174
-	-	-	-	14,038	14,038	-
-	-	-	-	114,212	118,624	4,412
-	-	-	-	126,945	113,957	12,988
-	-	-	-	126,945	113,957	12,988
-	-	-	-	$ (12,733)	4,667	$ 17,400
-	-	-	-		29	
4,148	(14,357)	(26,767)	(128)		(37,103)	
4,148	(14,357)	(26,767)	(128)		(37,074)	
4,148	(14,357)	(26,767)	(128)		(32,407)	
38,266	31,861	66,292	3,123		339,970	
-	-	-	-		9	
-	-	(14,579)	(2,995)		(18,023)	
$ 42,414	$ 17,504	$ 24,946	$ -		$ 289,550	

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STATE OF MICHIGAN
DESCRIPTIONS OF SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993

MICHIGAN EMPLOYMENT SECURITY ACT -- ADMINISTRATION FUND

This fund was created by P.A. 1 of 1936 (Extra Session) to account for administrative costs of the Michigan Employment Security Commission (MESC). The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (an expendable trust fund) when approved by the commission or when appropriated by the Legislature. Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from trust funds accumulated from employer premium payments. These activities are reported in the Michigan Unemployment Compensation Fund (a component unit reported as an expendable trust fund).

SAFETY EDUCATION AND TRAINING FUND

Public Act 154 of 1974, as amended, imposes an annual levy on each insurance carrier licensed to do workers' disability compensation business in the State, on the Accident Fund of Michigan, and on each self-insured employer. Public Act 24 of 1977 provided for the establishment of the Safety Education and Training Fund to receive these assessments for support of the Department of Labor's Safety Education and Training Division. Their operations are annually appropriated by the Legislature in the General Fund and are financed by operating transfers from this fund.

WORKPLACE HEALTH AND SAFETY FUND

This fund was created by P.A. 157 of 1990, as amended by P.A. 198 of 1993, and is administered by the Workplace Health and Safety Board. The fund receives fees in lieu of federal income tax from the Accident Fund of Michigan (an enterprise fund). Fifty percent of the money deposited in the fund is available for appropriation for workers compensation benefits to employees whose employer failed to provide coverage for them and for related claims administration. The remaining 50 percent is available for workplace safety improvement programs.

STATE CONSTRUCTION CODE FUND

The State Construction Code Fund was created by P.A. 371 of 1980. Fees received for building permit applications and other funds collected under this act are appropriated by the Legislature for the operation of the Department of Labor's Bureau of Construction Codes and related indirect overhead expenditures. These expenditures are recorded in the General Fund with an operating transfer being made from this fund to finance them.

HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

The Homeowner Construction Lien Recovery Fund was established by P.A. 497 of 1980 to allow contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid despite filing a residential lien. The fund is self-sustaining and is financed by fees assessed on builders, electrical and plumbing contractors, and laborers. Expenditures are appropriated for and recorded in the General Fund with financing provided by operating transfers from the fund.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT ADMS. FUND	SAFETY EDUCATION AND TRAINING FUND	WORKPLACE HEALTH AND SAFETY FUND
ASSETS			
Current Assets:			
Cash	$ 40	$ 3	$ -
Equity in Common Cash	1,678	2,303	11,599
Amounts due from other funds	-	-	20,846
Amounts due from federal agencies	6,761	-	-
Amounts due from local units	-	-	-
Other current assets	59	47	-
Total Current Assets	8,539	2,353	32,445
Total Assets	$ 8,539	$ 2,353	$ 32,445
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ 439	$ -	$ -
Accounts payable and other liabilities	6,591	25	-
Amounts due to other funds	1,166	-	-
Deferred revenue	-	-	16,459
Total Current Liabilities	8,195	26	16,459
Long-Term Liabilities:			
Deferred revenue	-	-	10,972
Total Liabilities	8,195	26	27,431
Fund Balances:			
Reserves for:			
Budgetary carry-forwards:			
Encumbrances	343	-	-
Restricted revenues	-	-	5,014
Total Reserved	343	-	5,014
Unreserved	-	2,327	-
Total Fund Balances	343	2,327	5,014
Total Liabilities and Fund Balances	$ 8,539	$ 2,353	$ 32,445

STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	TOTALS	
		SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 22	$ 2	$ 68	$ 76
1,485	2,328	19,392	6,289
-	-	20,846	11,175
-	-	6,761	12,731
-	-	-	91
60	-	166	80
1,566	2,330	47,233	30,442
$ 1,566	$ 2,330	$ 47,233	$ 30,442
$ 3	$ 1	$ 443	$ 439
2	10	6,627	7,598
-	-	1,166	4,875
-	-	16,459	19
5	10	24,696	12,930
-	-	10,972	6,585
5	10	35,668	19,515
-	-	343	-
-	-	5,014	4,633
-	-	5,357	4,633
1,561	2,320	6,209	6,294
1,561	2,320	11,565	10,927
$ 1,566	$ 2,330	$ 47,233	$ 30,442

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT ADMS. FUND	SAFETY EDUCATION AND TRAINING FUND	WORKPLACE HEALTH AND SAFETY FUND
REVENUES			
From federal agencies	$ 151,991	$ -	$ -
From local agencies	757	-	-
From licenses and permits	-	-	-
Miscellaneous	255	5,020	381
Total Revenues	153,003	5,020	381
EXPENDITURES			
Current:			
Labor, commerce, and regulatory	152,272	-	-
Capital outlay	24	-	-
Debt service:			
Capital lease payments	1,105	-	-
Total Expenditures	153,400	-	-
Excess of Revenues over (under) Expenditures	(397)	5,020	381
OTHER FINANCING SOURCES (USES)			
Capital lease acquisitions	15	-	-
Operating transfers in	5,928	2	-
Operating transfers out	(5,203)	(4,417)	-
Total Other Financing Sources (Uses)	740	(4,415)	-
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	343	604	381
Fund Balances - Beginning of fiscal year	-	1,723	4,633
Fund Balances - End of fiscal year	$ 343	$ 2,327	$ 5,014

		TOTALS FISCAL YEARS ENDED	
STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ -	$ -	$ 151,991	$ 154,157
-	-	757	1,373
7,862	-	7,862	6,799
77	477	6,209	9,333
7,938	477	166,819	171,663
15	-	152,287	153,889
-	-	24	36
-	-	1,105	1,167
15	-	153,415	155,092
7,924	477	13,404	16,571
-	-	15	10
12	-	5,942	4,121
(7,980)	(1,122)	(18,722)	(23,041)
(7,968)	(1,122)	(12,765)	(18,910)
(45)	(645)	639	(2,339)
1,606	2,965	10,927	13,266
$ 1,561	$ 2,320	$ 11,565	$ 10,927

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT ADMINISTRATION FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
From federal agencies	$ 145,128	$ 151,991	$ 6,863
From local agencies	728	757	29
From licenses and permits	-	-	-
Miscellaneous	250	255	6
Operating transfers in	6,074	5,928	(146)
Total Revenues and Other Sources	152,181	158,931	6,751
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Commerce	-	-	-
Labor	158,931	158,931	-
Total Expenditures, Operating Transfers Out, and Encumbrances	158,931	158,931	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (6,751)	-	$ 6,751
Reconciling Items:			
Encumbrances at September 30		343	
Funds not annually budgeted		-	
Net Reconciling Items		343	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		343	
FUND BALANCES (GAAP BASIS)			
Beginning balances		-	
Ending balances (GAAP Basis)		$ 343	

SAFETY EDUCATION AND TRAINING FUND			STATE CONSTRUCTION CODE FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	7,861	7,862	-
5,020	5,020	-	77	77	-
2	2	-	12	12	-
5,022	5,022	-	7,950	7,950	-
-	-	-	-	-	-
4,940	4,417	523	8,905	7,995	910
4,940	4,417	523	8,905	7,995	910
$ 82	604	$ 523	$ (955)	(45)	$ 910
	-			-	
	-			-	
	-			-	
	604			(45)	
	1,723			1,606	
	$ 2,327			$ 1,561	

This schedule continued on next page.

STATE OF MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
From federal agencies	$ -	$ -	$ -
From local agencies	-	-	-
From licenses and permits	-	-	-
Miscellaneous	477	477	-
Operating transfers in	-	-	-
Total Revenues and Other Sources	477	477	-
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Commerce	1,216	1,122	94
Labor	-	-	-
Total Expenditures, Operating Transfers Out, and Encumbrances	1,216	1,122	94
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (739)	(645)	$ 94
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(645)	
FUND BALANCES (GAAP BASIS)			
Beginning balances		2,965	
Ending balances (GAAP Basis)		$ 2,320	

FUND NOT ANNUALLY BUDGETED	TOTALS		
WORKPLACE HEALTH AND SAFETY FUND			
ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ 145,128	$ 151,991	$ 6,863
-	728	757	29
-	7,861	7,862	-
-	5,823	5,828	6
-	6,088	5,942	(146)
-	165,629	172,380	6,751
-	1,216	1,122	94
-	172,776	171,344	1,432
-	173,992	172,466	1,527
-	$ (8,363)	(86)	$ 8,278
-		343	
381		381	
381		724	
381		638	
4,633		10,927	
$ 5,014		$ 11,565	

STATE OF MICHIGAN
DESCRIPTIONS OF SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND

This fund, which is commonly referred to as the Budget Stabilization Fund, was created by P.A. 76 of 1977 to assist in stabilizing revenue and employment during periods of economic recession and high unemployment. In general, transfers are made into this fund from the General Fund during improving economic times and funds flow from this fund to the General Fund in times of declining economy.

Amounts transferred to the fund are limited to actual appropriations made annually by the Legislature. Such appropriations may be based on a formula that is dependent on the annual growth rate as defined by the statute. The balances in the fund are held in the State's common cash pool and interest earnings are credited as revenues of the fund. Transfers from the fund are based upon a formula which is dependent upon economic growth and unemployment rates; however, under certain conditions the Legislature may override the formula and make limited appropriations from the fund for capital outlay projects. Transfers from the fund for other amounts or purposes can also be authorized by amending the statute.

The amount shown on the balance sheet as amounts due from other funds represents the reclassification of a portion of the General Fund's credit balance in the common cash pool as of September 30, 1993. The classification of such balances as interfund liabilities and receivables is required by generally accepted accounting principles for financial reporting purposes.

MICHIGAN VETERANS' TRUST FUND

This fund was created by P.A. 9 of 1946 (First Extra Session) to finance programs to assist veterans and their beneficiaries. It is administered within the Department of Management and Budget and is governed by a six member board of trustees. Resources are provided by investment and common cash earnings and by transfers from the General Fund (described below). Expenditures and transfers out reflect grants to veterans and their widows or dependents and administrative costs at both the State and local level.

When the fund was created, investments of $50.0 million were transferred to it to be used to generate income for the fund. The amounts reserved for investment have, by statute, been periodically transferred back (in 1959 and 1976) to the General Fund. This is described in the "Interfund Commitments" note to the General Purpose Financial Statements.

SCHOOL AID FUND

This fund was created in 1955 by an amendment to the 1908 Constitution. Its continued existence was provided for by the 1963 Constitution. Its purpose is to furnish aid to school districts and provide financing for the Public School Employees' Retirement System. Payments of aid to school districts are based on a statutory formula.

The fund receives State revenues restricted to local school programs, including: the constitutional dedication of sixty percent of sales tax receipts; State Lottery Fund earnings; and portions of the cigarette, liquor, and industrial and commercial facilities taxes. Appropriated transfers from the General Fund are made to fund the difference between required payments and restricted financing sources.

SCHOOL BOND LOAN FUND

The 1963 Constitution (Art. IX, Sec. 16) and P.A. 74 of 1955 authorized the issuance of State general obligation bonds to provide funds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. The proceeds of State bonds are credited to the fund as an "Other Financing Source." When loans are made, operating transfers are recorded to the General Fund, which receives loan payments and provides financing for debt service. The loans receivable are recorded as assets in the General Fund.

Short-term general obligation notes have been used to provide temporary financing for making loans. These notes are recorded as liabilities of this fund. The notes will be retired either by the issuance of additional notes and/or general obligation bonds or by transfers appropriated in the General Fund for School Bond Loan Fund debt service.

CHILDREN'S TRUST FUND

The Children's Trust Fund was established by P.A. 249 of 1982 to support the State Child Abuse and Neglect Prevention Board. Established under P.A. 250 of 1982, the purpose of the board is to coordinate and fund activities for the prevention of child abuse and neglect in the State. Executive Order 1992-15 transferred administration of the fund from the Department of Management and Budget to the Department of Social Services.

Revenues are derived from taxpayer donations made on the individual's income tax return, other gifts, interest earnings, and grants from the federal government. One half of the donations made on income tax returns are placed in a trust corpus. When the total assets of the fund exceed $20 million, the earnings credited to the fund will be available for disbursement. Until that time, the amount available for disbursement is limited to 1/2 of tax refund designations, all additional donations and grants, and interest earnings credited to the fund in previous years.

STATE BUILDING AUTHORITY ADVANCE FINANCING FUND

This fund was administratively established to account for expenditures incurred for equipment and higher education related projects prior to the issuance of State Building Authority bonds. Appropriation acts and concurrent resolutions provide temporary financing of such expenditures for legislatively authorized projects. Expenditures on behalf of the State Building Authority are recorded when incurred. At year-end, any deficit in the common cash pool is reclassified as a payable to the General Fund. In addition to advance expenditures, expenditures financed by the General Fund or other sources related to State Building Authority projects are recorded in this fund.

The State Building Authority in its statements does not recognize liabilities for these projects until bonds or commercial paper are issued; therefore, until that time, no receivables from the Authority are recognized. This results in the fund showing a year-end fund balance deficit. When the Authority issues bonds or obtains commercial paper and reimburses the State, the Authority reimburses this fund by recording an operating transfer and the deficit is eliminated.

MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND

The Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) was established by P.A. 518 of 1988 to assist certain owners and operators of underground storage tank systems in meeting their financial responsibility requirements provided for in the Solid Waste Disposal Act. It is administered by the Department of Management and Budget and an eleven member advisory board.

In addition, the Michigan Underground Storage Tank Financial Assurance Authority was created by Public Act 132 of 1993 to provide financing for the activities of MUSTFA, including short or long-term debt instruments. The Authority is governed by a five member board of directors. The financial activities of the Authority are also reflected within this fund.

The primary source of revenues is an environmental protection regulatory fee of 7/8 cent per gallon imposed on all refined petroleum products sold for resale. Expenditures are primarily amounts spent to assist in environmental clean-up. The State's liability for environmental cleanup claims is limited by law to the amount of available revenues, therefore, expenditures and related liabilities are recorded in the fund only up to the amount of available unreserved fund balance. Liabilities for environmental cleanup claims in excess of available funds will be paid from future year's revenues, and are recorded as a liability in the General Long-Term Obligations Account Group.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	MICHIGAN VETERANS' TRUST FUND	SCHOOL AID FUND	SCHOOL BOND LOAN FUND
ASSETS				
Current Assets:				
Cash	$ -	$ -	$ -	$ -
Equity in Common Cash	133,224	8,215	-	112
Taxes, interest, and penalties receivable	-	-	110,702	-
Amounts due from other funds	170,209	91	-	-
Amounts due from federal agencies	-	-	645	-
Amounts due from local units	-	458	44,456	-
Investments	-	-	-	-
Other current assets	-	580	-	-
Total Current Assets	303,433	9,344	155,803	112
Taxes, interest, and penalties receivable	-	-	3,080	-
Advances to other funds	-	1,347	-	-
Amounts due from local units	-	-	1,911	-
Investments	-	28,544	-	-
Total Assets	$ 303,433	$ 39,235	$ 160,793	$ 112
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ -	$ 11	$ 229	$ -
Accounts payable and other liabilities	-	314	36,900	-
Amounts due to other funds	-	-	95,972	-
Bonds and notes payable	-	-	-	34,600
Interest payable	-	-	-	401
Deferred revenue	-	-	6,658	-
Total Current Liabilities	-	325	139,759	35,001
Long-Term Liabilities:				
Deferred revenue	-	-	3,080	-
Total Liabilities	-	325	142,839	35,001
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	-	24	16,044	-
Restricted revenues	-	29	-	-
Multi-year projects	-	-	-	-
Funds held as permanent investments	-	37,450	-	-
Noncurrent assets	-	1,347	1,911	-
Total Reserved	-	38,851	17,954	-
Unreserved	303,433	59	-	(34,889)
Total Fund Balances	303,433	38,910	17,954	(34,889)
Total Liabilities and Fund Balances	$ 303,433	$ 39,235	$ 160,793	$ 112

CHILDREN'S TRUST FUND	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	TOTALS	
			SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 228	$ -	$ 618	$ 846	$ -
1,539	-	20,320	163,410	18,209
-	-	1,877	112,579	155,909
-	6,111	-	176,410	35,183
-	-	-	645	103
-	-	-	44,914	52,513
-	-	100	100	-
66	2,423	124	3,194	733
1,833	8,534	23,040	502,098	262,650
-	-	-	3,080	3,594
-	-	-	1,347	1,532
-	-	-	1,911	1,093
3,385	-	-	31,929	29,148
$ 5,218	$ 8,534	$ 23,040	$ 540,365	$ 298,018
$ 71	$ 14	$ 8,579	$ 8,904	$ 574
137	6,252	1,571	45,174	44,507
-	8,979	-	104,951	226,141
-	-	57,000	91,600	11,800
-	-	-	401	-
-	-	-	6,658	-
207	15,245	67,150	257,688	283,022
-	-	-	3,080	3,594
207	15,245	67,150	260,768	286,616
-	-	-	16,068	-
-	-	5,211	5,240	5,359
-	-	11,188	11,188	-
4,773	-	-	42,224	38,894
-	-	-	3,258	2,626
4,773	-	16,399	77,977	46,880
237	(6,711)	(60,509)	201,621	(35,477)
5,011	(6,711)	(44,110)	279,598	11,402
$ 5,218	$ 8,534	$ 23,040	$ 540,365	$ 298,018

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	MICHIGAN VETERANS' TRUST FUND	SCHOOL AID FUND	SCHOOL BOND LOAN FUND
REVENUES				
Taxes	$ -	$ -	$ 1,836,891	$ -
From federal agencies	-	-	57,215	-
From local agencies	-	-	889	-
Miscellaneous	746	2,600	2,301	117
Total Revenues	746	2,600	1,897,297	117
EXPENDITURES				
Current:				
General government	-	4,431	-	-
Education	-	-	3,394,298	947
Health and welfare	-	-	-	-
Public safety and corrections	-	-	-	-
Total Expenditures	-	4,431	3,394,298	947
Excess of Revenues over (under) Expenditures	746	(1,830)	(1,497,002)	(830)
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
From State Lottery Fund	-	-	427,640	-
From other funds	282,585	4,142	1,086,223	-
Total operating transfers in	282,585	4,142	1,513,863	-
Operating transfers out	-	(90)	-	(22,296)
Total Other Financing Sources (Uses)	282,585	4,052	1,513,863	(22,296)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	283,332	2,222	16,861	(23,126)
Fund Balances - Beginning of fiscal year	20,102	36,688	1,093	(11,763)
Equity transfers from other funds	-	-	-	-
Fund Balances - End of fiscal year	$ 303,433	$ 38,910	$ 17,954	$ (34,889)

CHILDREN'S TRUST FUND	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1993	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1992
$ -	$ -	$ 51,089	**$ 1,887,980**	$ 1,801,044
154	-	-	**57,370**	54,733
-	-	-	**889**	1,343
1,593	331	414	**8,102**	14,719
1,747	331	51,503	**1,954,341**	1,871,838
-	-	98,075	**102,505**	106,160
-	3,331	-	**3,398,576**	3,149,502
1,121	3,023	-	**4,144**	-
-	355	-	**355**	-
1,121	6,708	98,075	**3,505,580**	3,255,662
626	(6,378)	(46,572)	**(1,551,239)**	(1,383,824)
-	-	-	**427,640**	474,037
-	44,252	1	**1,417,203**	910,325
-	44,252	1	**1,844,842**	1,384,361
(15)	(687)	(2,320)	**(25,408)**	(191,224)
(15)	43,565	(2,319)	**1,819,434**	1,193,137
611	37,187	(48,891)	**268,195**	(190,687)
4,399	(43,898)	4,781	**11,402**	148,709
-	-	-	**-**	53,380
$ 5,011	$ (6,711)	$ (44,110)	**$ 279,598**	$ 11,402

STATE OF MICHIGAN
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ -	$ -	$ -
From federal agencies	-	-	-
From local agencies	-	-	-
Miscellaneous	746	746	-
Operating transfers in	-	282,585	282,585
Total Revenues and Other Sources	746	283,332	282,585
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Management and Budget	-	-	-
Education	-	-	-
Social Services	-	-	-
Total Expenditures, Operating Transfers Out, and Encumbrances	-	-	-
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ 746	283,332	$ 282,585
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		283,332	
FUND BALANCES (GAAP BASIS)			
Beginning balances		20,102	
Ending balances (GAAP Basis)		$ 303,433	

MICHIGAN VETERANS' TRUST FUND			SCHOOL AID FUND			CHILDREN'S TRUST FUND		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ 1,845,687	$ 1,836,891	$ (8,796)	$ -	$ -	$ -
-	-	-	56,571	57,215	645	154	154	-
-	-	-	889	889	-	-	-	-
2,600	2,600	-	-	2,301	2,301	1,680	1,593	(87)
4,142	4,142	-	1,518,849	1,513,863	(4,986)	-	-	-
6,742	6,742	-	3,421,996	3,411,159	(10,837)	1,834	1,747	(87)
6,040	4,544	1,496	-	-	-	-	-	-
-	-	-	3,405,559	3,410,342	(4,783)	-	-	-
-	-	-	-	-	-	1,974	1,136	838
6,040	4,544	1,496	3,405,559	3,410,342	(4,783)	1,974	1,136	838
$ 702	2,198	$ 1,496	$ 16,438	817	$ (15,620)	$ (140)	611	$ 751
	24			16,044			-	
	-			-			-	
	24			16,044			-	
	2,222			16,861			611	
	36,688			1,093			4,399	
	$ 38,910			$ 17,954			$ 5,011	

This schedule continued on next page.

STATE OF MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES AND OTHER SOURCES			
Taxes	$ 51,089	$ 51,089	$ -
From federal agencies	-	-	-
From local agencies	-	-	-
Miscellaneous	412	414	2
Operating transfers in	1	1	-
Total Revenues and Other Sources	51,501	51,503	2
EXPENDITURES, OPERATING TRANSFERS OUT, AND ENCUMBRANCES - BY DEPARTMENT			
Management and Budget	105,605	100,394	5,211
Education	-	-	-
Social Services	-	-	-
Total Expenditures, Operating Transfers Out, and Encumbrances	105,605	100,394	5,211
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (54,104)	(48,891)	$ 5,213
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(48,891)	
FUND BALANCES (GAAP BASIS)			
Beginning balances		4,781	
Ending balances (GAAP Basis)		$ (44,110)	

FUNDS NOT ANNUALLY BUDGETED		TOTALS		
SCHOOL BOND LOAN FUND	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND			
ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ 1,896,776	$ 1,887,980	$ (8,796)
-	-	56,725	57,370	645
-	-	889	889	-
-	-	5,439	7,655	2,216
-	-	1,522,992	1,800,591	277,599
-	-	3,482,821	3,754,484	271,663
-	-	111,645	104,939	6,707
-	-	3,405,559	3,410,342	(4,783)
-	-	1,974	1,136	838
-	-	3,519,179	3,516,417	2,762
-	-	$ (36,358)	238,067	$ 274,425
-	-		16,068	
(23,126)	37,187		14,061	
(23,126)	37,187		30,128	
(23,126)	37,187		268,195	
(11,763)	(43,898)		11,402	
$ (34,889)	$ (6,711)		$ 279,598	

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STATE OF MICHIGAN
DESCRIPTIONS OF SPECIAL REVENUE FUNDS - COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition and renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment. The five members of the Authority are appointees of the Governor.

The special revenue fund, which accounts for construction costs for higher education projects and certain equipment financing, reports bond proceeds as an "other financing source," investment revenue earned during construction as "miscellaneous revenue," and construction expenditures as grant expenditures. Short-term borrowings to provide temporary financing are recorded as fund liabilities if they have not been refinanced with long-term debt prior to financial statement preparation. Operating transfers out reflect transfers to the debt service fund of proceeds dedicated for debt service, reimbursements of expenditures to the State Building Authority Advance Financing Fund and the transfer of assets remaining after a project's completion to the debt service fund.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public Act 295 of 1969, as amended, authorized the creation of the Michigan Higher Education Facilities Authority for the purpose of assisting private nonprofit institutions of higher education in financing their facilities. The Authority consists of an eleven member commission, nine of whom are appointed by the Governor with the advice and consent of the Senate and two of whom are ex officio (the Superintendent of Public Instruction and Director of the Department of Management and Budget). Financing for capital improvements is provided by issuance of limited obligation revenue bonds, which are not recorded as liabilities of the Authority. The footnote to the General Purpose Financial Statements entitled "General Long-Term Obligations" explains these more fully. The Authority's administrative operations, which are reflected in these statements, are financed by fees.

MACKINAC BRIDGE AUTHORITY

The Authority was created by P.A. 21 of 1950. Public Act 214 of 1952, as amended, empowered the Authority to construct and operate a bridge between the lower peninsula of Michigan and the upper peninsula. Financing for the operation and maintenance of the bridge is provided by fares and earnings on investments. State statutes require that the Authority continue charging bridge tolls and begin repaying State funds for all the subsidies provided in prior years. The Authority has not recorded a liability and the State funds have not recorded receivables for the subsidies because the reimbursements are contingent upon future net revenues and the repayment commitment is long-term and budgetary in nature. When repayments are made, they are reported as operating transfers.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - COMPONENT UNITS
SEPTEMBER 30, 1993
(In Thousands)

	STATE BUILDING AUTHORITY	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MACKINAC BRIDGE AUTHORITY	TOTALS	
				SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
ASSETS					
Current Assets:					
Cash	$ 295	$ -	$ 632	$ 928	$ 319
Amounts due from other funds	-	63	1	64	43
Investments	11,917	-	15,565	27,482	67,456
Other current assets	115	9	72	197	92
Total Current Assets	12,327	72	16,270	28,670	67,910
Investments	-	-	-	-	7,227
Total Assets	$ 12,327	$ 72	$ 16,270	$ 28,670	$ 75,137
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts payable and other liabilities	$ 105	$ -	$ 305	$ 410	$ 242
Amounts due to other funds	6,111	-	366	6,477	15,288
Bonds and notes payable	4,095	-	-	4,095	-
Deferred revenue	-	7	103	110	108
Total Current Liabilities	10,310	7	775	11,092	15,638
Long-Term Liabilities:					
Deferred revenue	-	-	60	60	65
Total Liabilities	10,310	7	834	11,151	15,703
Fund Balances:					
Reserves for:					
Construction and debt service	2,017	-	-	2,017	30,251
Noncurrent assets	-	-	-	-	7,227
Total Reserved	2,017	-	-	2,017	37,478
Unreserved	-	66	15,436	15,502	21,956
Total Fund Balances	2,017	66	15,436	17,519	59,434
Total Liabilities and Fund Balances	$ 12,327	$ 72	$ 16,270	$ 28,670	$ 75,137

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

				TOTALS FISCAL YEARS ENDED	
	STATE BUILDING AUTHORITY	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MACKINAC BRIDGE AUTHORITY	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
REVENUES					
From services	$ -	$ 62	$ -	$ 62	$ 26
From licenses and permits	-	-	7,365	7,365	6,750
Miscellaneous	1,142	-	633	1,775	1,330
Total Revenues	1,142	62	7,998	9,202	8,106
EXPENDITURES					
Current:					
Education	37,715	47	-	37,762	35,015
Transportation	-	-	6,892	6,892	5,489
Total Expenditures	37,715	47	6,892	44,654	40,504
Excess of Revenues over (under) Expenditures	(36,574)	16	1,106	(35,452)	(32,398)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issues	44,579	-	-	44,579	116,479
Operating transfers in	1,020	-	-	1,020	-
Operating transfers out	(44,486)	-	(7,576)	(52,062)	(53,465)
Total Other Financing Sources (Uses)	1,113	-	(7,576)	(6,463)	63,014
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(35,461)	16	(6,470)	(41,915)	30,616
Fund Balances - Beginning of fiscal year	37,478	50	21,906	59,434	28,818
Fund Balances - End of fiscal year	$ 2,017	$ 66	$ 15,436	$ 17,519	$ 59,434

STATE OF MICHIGAN
DESCRIPTIONS OF DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all State Trunkline Fund related bond issues. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND

Public Act 329 of 1966 established this fund to account for the retiring of bond issues of the Water Pollution Control Bond Fund. The Legislature appropriates funds from the General Fund to meet the bond principal and interest requirements and paying agent fees.

COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund related bond issues. The bonds are not general obligations of the State but are payable solely out of funds restricted as to use for comprehensive transportation purposes by Section 9 of Article IX of the Michigan Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND

This fund was established pursuant to P.A. 326 and 327 of 1988 to service bond issues of the Recreation Bond Fund-Local Projects, Recreation Bond Fund-State Projects, and the Environmental Protection Bond Fund. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund.

SCHOOL LOAN BOND REDEMPTION FUND

Public Act 74 of 1955 established this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. The School Bond Loan Fund, a special revenue fund, receives the State bond proceeds and makes the loans. The Legislature appropriates funds from the General Fund to meet principal and interest requirements and paying agents fees. Statements for this fund are not presented in this year's report because there was no activity in the fund and it has no year-end balances. Short-term notes, which are recorded as fund liabilities of the School Bond Loan Fund, are currently being used to finance this program.

STATE PARK REVENUE BOND FUND

This fund was created pursuant to P.A. 149 of 1960, as amended by P.A. 286 of 1967. It initiated a State park improvement program by authorizing the Department of Natural Resources to issue up to $20 million of revenue dedicated bonds to finance land acquisition, construction, and improvement of State parks.

This legislation provided that park permit fees for motor vehicle entry into certain State parks be deposited with the State Treasurer who was designated as fiscal agent. Such revenues were to be allocated in the following order of priority: debt service requirements, fiscal agent expenses, bond reserve, operations and park improvements. Operating transfers out of this fund consist mainly of amounts transferred to the State Park Improvement Fund to finance park operations and improvements as appropriated by the Legislature.

On January 1, 1993 all of the outstanding bonds of this fund were redeemed. Since that date, park permit fees were recorded as direct revenue of the State Park Improvement Fund. Residual balances of the State Park Revenue Bond Fund were closed out to the State Park Improvement Fund as an equity transfer.

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment.

The projects of the Authority are financed by revenue bonds, the proceeds of which can only be used for construction and debt service on projects related to particular bond issues. For completed projects, the resources to finance bond interest and redemption are provided by operating transfers from the General Fund and from investments and earnings of this fund. During construction, debt service requirements are financed by a portion of the bond proceeds which are dedicated for that purpose. When a project is completed, the remaining net assets are transferred to this fund where they are invested and used for debt service. Excess balances related to a particular bond series remaining in the fund after the final payment on the bond series are transferred to the General Fund.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
ASSETS				
Current Assets:				
Cash	$ -	$ -	$ -	$ -
Equity in Common Cash	-	-	-	6
Amounts due from other funds	-	-	-	-
Investments	-	-	-	-
Other current assets	-	-	-	-
Total Current Assets	-	-	-	6
Investments	-	-	-	-
Total Assets	$ -	$ -	$ -	$ 6
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Accounts payable and other liabilities	$ -	$ -	$ -	$ 6
Amounts due to other funds	-	-	-	-
Total Current Liabilities	-	-	-	6
Long-Term Liabilities:				
Other long-term liabilities	-	-	-	-
Total Liabilities	-	-	-	6
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Restricted revenues	-	-	-	-
Total Reserved	-	-	-	-
Unreserved	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	$ -	$ -	$ -	$ 6

	TOTALS	
STATE BUILDING AUTHORITY	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 44,544	$ 44,544	$ 3,705
-	6	3,055
-	-	630
42,307	42,307	171,787
661	661	1,590
87,513	87,518	180,768
23,731	23,731	15,781
$ 111,244	$ 111,250	$ 196,549
$ 1,260	$ 1,266	$ 3,199
290	290	220
1,550	1,556	3,419
200	200	2,354
1,750	1,756	5,773
-	-	85
-	-	85
109,494	109,494	190,691
109,494	109,494	190,776
$ 111,244	$ 111,250	$ 196,549

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	WATER POLLUTION CONTROL BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
REVENUES				
From licenses and permits	$ -	$ -	$ -	$ -
Miscellaneous	21	-	7	-
Total Revenues	21	-	7	-
EXPENDITURES				
Current:				
General government	-	-	-	-
Debt Service:				
Bond principal retirement	8,760	13,000	7,915	6,342
Bond interest and fiscal charges	23,204	2,145	12,203	16,197
Total Expenditures	31,964	15,145	20,118	22,539
Excess of Revenues over (under) Expenditures	(31,943)	(15,145)	(20,111)	(22,539)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bond issue	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Operating transfers in	31,943	15,145	20,111	22,539
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	31,943	15,145	20,111	22,539
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	-	-
Fund Balances - Beginning of fiscal year	-	-	-	-
Equity transfers to other funds	-	-	-	-
Fund Balances - End of fiscal year	$ -	$ -	$ -	$ -

		TOTALS	
		FISCAL YEARS ENDED	
STATE PARK REVENUE BOND FUND	STATE BUILDING AUTHORITY	**SEPTEMBER 30, 1993**	SEPTEMBER 30, 1992
$ 167	$ -	**$ 167**	$ 7,475
74	7,123	**7,224**	12,212
241	7,123	**7,392**	19,687
-	454	**454**	326
3,495	169,936	**209,448**	241,695
158	87,507	**141,413**	100,851
3,653	257,898	**351,316**	342,872
(3,412)	(250,774)	**(343,924)**	(323,185)
-	499,669	**499,669**	504,142
-	(483,469)	**(483,469)**	(510,070)
-	158,812	**248,550**	233,449
(170)	(1,928)	**(2,099)**	(5,935)
(170)	173,084	**262,651**	221,586
(3,582)	(77,690)	**(81,273)**	(101,599)
3,592	187,184	**190,776**	292,375
(9)	-	**(9)**	-
$ -	$ 109,494	**$ 109,494**	$ 190,776

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RECREATION BOND FUND - STATE PROJECTS

This fund was established by P.A. 329 of 1988, as amended, to account for the proceeds of $70.0 million of general obligation bonds approved by the people in November, 1988 as part of a $140.0 million bond package for financing state and local public recreation projects. This approval was obtained under the general authority of Section 15, Article IX, of the 1963 State Constitution. The act specifies that the proceeds of these bonds be used to construct, expand, and develop recreational facilities at state parks. This fund is administered by the Department of Natural Resources.

STATE BUILDING AUTHORITY ADVANCE FINANCING FUND

This fund was administratively established to account for expenditures incurred for State projects prior to the issuance of State Building Authority bonds. Appropriation acts provide temporary financing of such expenditures for legislatively authorized projects. Expenditures on behalf of the State Building Authority are recorded when incurred. At year-end, any deficit in the common cash pool is reclassified as a payable to the General Fund. In addition to advance expenditures, expenditures financed by the General Fund or other sources related to State Building Authority projects are recorded in this fund.

The State Building Authority in its statements does not recognize liabilities for these projects until bonds or commercial paper are issued; therefore, no receivable from the Authority is recognized in this fund prior to bond or commercial paper issuance. This results in the fund showing a year-end fund balance deficit. The Authority will reimburse this fund by recording an operating transfer and the deficit attributable to the bonded projects will be eliminated when the Authority issues its bonds or obtains commercial paper.

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of State equipment. The five members of the Authority are appointees of the Governor.

This capital projects fund, which accounts for the construction of State projects, reports bond proceeds as an "Other financing source," investment revenue during construction as "miscellaneous revenue," and construction expenditures as "Capital outlay." Short-term borrowings to provide temporary financing are recorded as fund liabilities if they have not been refinanced with long-term debt prior to financial statement preparation. Operating transfers out reflect transfers to the debt service fund of proceeds dedicated for debt service during construction, reimbursements of expenditures to the State Building Authority Advance Financing Fund and the transfer of net assets remaining after the completion of a project to the debt service fund. In the State's General Fixed Assets Account Group, accumulated expenditures for incomplete State projects are reflected as "Construction in progress" and completed State projects are recorded as "Buildings."

STATE OF MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	RECREATION BOND FUND-STATE PROJECTS	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND	STATE BUILDING AUTHORITY	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992
ASSETS					
Current Assets:					
Cash	$ 15	$ -	$ 2,283	$ 2,298	$ 282
Equity in Common Cash	10,520	-	-	10,520	26,324
Amounts due from other funds	-	10,904	540	11,444	17,918
Amounts due from federal agencies	129	-	-	129	109
Investments	-	-	27,179	27,179	34,625
Other current assets	-	-	183	183	396
Total Current Assets	10,663	10,904	30,185	51,753	79,654
Total Assets	$ 10,663	$ 10,904	$ 30,185	$ 51,753	$ 79,654
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 23	$ 2,611	$ -	$ 2,634	$ 174
Accounts payable and other liabilities	1,196	4,981	197	6,373	5,982
Amounts due to other funds	-	3,431	10,904	14,335	34,791
Bonds and notes payable	-	-	31,823	31,823	-
Total Current Liabilities	1,219	11,023	42,924	55,166	40,948
Long-Term Liabilities:					
Other long-term liabilities	140	-	-	140	-
Total Liabilities	1,359	11,023	42,924	55,306	40,948
Fund Balances:					
Reserves for:					
Construction and debt service	-	-	8,658	8,658	17,385
Total Reserved	-	-	8,658	8,658	17,385
Unreserved	9,304	(119)	(21,396)	(12,211)	21,322
Total Fund Balances	9,304	(119)	(12,739)	(3,553)	38,706
Total Liabilities and Fund Balances	$ 10,663	$ 10,904	$ 30,185	$ 51,753	$ 79,654

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	RECREATION BOND FUND-STATE PROJECTS	STATE BUILDING AUTHORITY ADVANCE FINANCING FUND	STATE BUILDING AUTHORITY	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1993	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1992
REVENUES					
From federal agencies	$ 652	$ -	$ -	$ 652	$ 623
Miscellaneous	496	56	1,146	1,697	2,307
Total Revenues	1,148	56	1,146	2,349	2,930
EXPENDITURES					
Current:					
Conservation, recreation, and agriculture	-	-	-	-	645
Capital outlay	15,937	5,297	39,111	60,345	76,029
Total Expenditures	15,937	5,297	39,111	60,345	76,674
Excess of Revenues over (under) Expenditures	(14,789)	(5,241)	(37,966)	(57,996)	(73,744)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issues	-	-	16,096	16,096	333,605
Operating transfers in	133	13,487	-	13,620	260,261
Operating transfers out	(200)	(5,526)	(8,254)	(13,979)	(279,997)
Total Other Financing Sources (Uses)	(66)	7,961	7,842	15,737	313,869
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(14,856)	2,720	(30,123)	(42,259)	240,125
Fund Balances - Beginning of fiscal year	24,160	(2,839)	17,385	38,706	(201,419)
Fund Balances - End of fiscal year	$ 9,304	$ (119)	$ (12,739)	$ (3,553)	$ 38,706

STATE OF MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
BY CLASSIFICATION
SEPTEMBER 30, 1993
(In Thousands)

	STATE FUNDS	COMPONENT UNITS	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992 (RECLASSIFIED)*
ASSETS				
Current Assets:				
Cash	$ 7,780	$ 196,173	$ **203,953**	$ **259,901**
Equity in Common Cash	82,007	-	**82,007**	**113,871**
Amounts due from other funds	-	4,066	**4,066**	**6,561**
Amounts due from federal agencies	-	14,274	**14,274**	**12,924**
Inventories	25,995	257	**26,252**	**26,628**
Investments	162,237	455,129	**617,366**	**854,864**
Other current assets	199,961	103,826	**303,787**	**285,999**
Total Current Assets	477,979	773,725	**1,251,704**	**1,560,749**
Advances to other funds	9,240	-	**9,240**	**30,227**
Mortgages and loans receivable	-	2,077,214	**2,077,214**	**3,551,417**
Investments	1,413,579	1,240,685	**2,654,264**	**2,317,574**
Property, plant, and equipment	50,172	3,488	**53,659**	**57,588**
Other noncurrent assets	9,249	45,374	**54,623**	**44,463**
Total Assets	$ 1,960,219	$ 4,140,486	$ **6,100,705**	$ **7,562,017**
LIABILITIES AND FUND EQUITY				
Current Liabilities:				
Warrants outstanding	$ 3,158	$ -	$ **3,158**	$ **7,459**
Accounts payable and other liabilities	389,221	29,041	**418,262**	**385,946**
Amounts due to other funds	20,853	788	**21,642**	**14,884**
Bonds and notes payable	934	350,694	**351,628**	**185,242**
Interest payable	-	36,316	**36,316**	**92,493**
Deferred revenue	89,330	6,678	**96,008**	**97,397**
Total Current Liabilities	503,496	423,517	**927,013**	**783,422**
Long-Term Liabilities:				
Advances from other funds	9,240	-	**9,240**	**7,722**
Prize awards payable	766,297	-	**766,297**	**703,494**
Deferred revenue	-	-	-	**208**
Bonds and notes payable	211	2,469,357	**2,469,569**	**4,274,607**
Other long-term liabilities	546,604	758,486	**1,305,090**	**1,244,134**
Total Liabilities	1,825,849	3,651,360	**5,477,209**	**7,013,587**
Fund Equity:				
Contributed Capital:				
From other funds	8,321	1,500	**9,821**	**9,083**
From other governmental units	-	16	**16**	**16**
Total Contributed Capital	8,321	1,517	**9,838**	**9,100**
Net unrealized gain (loss) on investments	6,832	36,679	**43,511**	**35,769**
Retained Earnings:				
Reserved	-	205,433	**205,433**	**190,009**
Unreserved	119,217	245,497	**364,714**	**313,552**
Total Retained Earnings	119,217	450,930	**570,147**	**503,561**
Total Fund Equity	134,370	489,126	**623,496**	**548,430**
Total Liabilities and Fund Equity	$ 1,960,219	$ 4,140,486	$ **6,100,705**	$ **7,562,017**

*** Some of the amounts in the September 30, 1992 column have been reclassified from the prior year's report.**

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
BY CLASSIFICATION
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	STATE FUNDS	COMPONENT UNITS	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1993	 SEPTEMBER 30, 1992
OPERATING REVENUES				
Operating revenues	$ 1,930,675	$ 35,256	$ 1,965,931	$ 1,902,478
Interest income	-	298,161	298,161	323,674
Investment revenue (net)	60,762	97,061	157,822	166,184
Miscellaneous	-	64,689	64,689	53,027
Total Operating Revenues	1,991,437	495,167	2,486,604	2,445,363
OPERATING EXPENSES				
Salaries, wages, and other administrative	213,614	44,699	258,314	250,221
Interest expense	-	284,210	284,210	342,495
Depreciation	5,163	216	5,379	5,325
Purchases for resale	348,477	240	348,716	352,490
Lottery prize awards	684,554	-	684,554	612,362
Premiums and claims	171,783	-	171,783	184,721
Other operating expenses	-	124,923	124,923	118,384
Total Operating Expenses	1,423,591	454,288	1,877,879	1,865,999
Operating Income (Loss)	567,846	40,879	608,725	579,365
NONOPERATING REVENUES (EXPENSES)				
Specific tax on spirits	7,986	-	7,986	7,853
Federal grant revenue	-	48,245	48,245	43,724
Interest revenue	1,276	1,836	3,112	4,482
Investment revenue (net)	65,263	-	65,263	59,763
Other nonoperating revenues	537	153	690	668
Grant expense	-	(62,757)	(62,757)	(61,954)
Amortization of prize award obligation discount	(64,852)	-	(64,852)	(57,994)
Interest expense	(681)	(89)	(770)	(1,260)
Other nonoperating expenses	(16,782)	(19,799)	(36,580)	(17,900)
Total Nonoperating Revenues (Expenses)	(7,252)	(32,410)	(39,662)	(22,618)
Income (Loss) Before Operating Transfers	560,594	8,469	569,063	556,746
OPERATING TRANSFERS				
Operating transfers in	487	27,609	28,096	28,166
Operating transfers out	(521,006)	(9,567)	(530,573)	(558,479)
Total Operating Transfers In (Out)	(520,519)	18,042	(502,477)	(530,313)
Net Income (Loss)	40,075	26,511	66,586	26,433
Retained Earnings - Beginning of fiscal year	79,142	424,420	503,561	477,128
Retained Earnings - End of fiscal year	$ 119,217	$ 450,930	$ 570,147	$ 503,561

STATE OF MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
BY CLASSIFICATION
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

			TOTALS	
	STATE FUNDS	COMPONENT UNITS	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RECLASSIFIED)*
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 567,846	$ 40,879	$ 608,725	$ 579,365
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	5,163	216	5,379	5,325
Amortization of deferred items (net)	-	844	844	438
Accretion of tuition benefit obligation	-	35,440	35,440	48,077
Interest (nonprogram) and investment income	(60,762)	(112,783)	(173,544)	(182,888)
Interest expense	-	284,210	284,210	342,495
Provision for income tax	-	(12,245)	(12,245)	(9,391)
Other adjustments	(16,230)	(4,982)	(21,212)	431
Changes in assets and liabilities:				
Amounts due from other funds	4	25,196	25,200	(1,130)
Amounts due from federal agencies	-	(1,350)	(1,350)	8,796
Inventories	395	(19)	376	4,931
Mortgages and loans receivable (program loans)	-	(347,855)	(347,855)	(125,419)
Other assets	(14,369)	36,115	21,747	23,120
Accounts payable and other liabilities	42,157	25,538	67,695	41,610
Amounts due to other funds	9,670	(280)	9,390	(435)
Deferred revenue	(2,124)	(1,858)	(3,982)	(12,022)
Tuition benefit obligation (nonaccretion portion)	-	(14,190)	(14,190)	(5,882)
Net cash provided (used) by operating activities	$ 531,751	$ (47,124)	$ 484,626	$ 717,419
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from sale of bonds and notes	$ -	$ 768,510	$ 768,510	$ 479,526
Principal repayments on bonds and notes	-	(664,305)	(664,305)	(245,381)
Interest paid	(290)	(279,831)	(280,121)	(304,752)
Loans or loan repayments from other funds	663	-	663	1,073
Loans made or repayments to other funds	(663)	-	(663)	(1,073)
Specific tax on spirits	7,986	-	7,986	7,853
Grants received from federal government	-	48,245	48,245	42,693
Grant expense	-	(62,757)	(62,757)	(61,954)
Operating transfers in from other funds	487	27,609	28,096	30,428
Operating transfers out to other funds	(521,006)	(12,399)	(533,405)	(557,341)
Equity transfers from other funds	-	-	-	6,006
Other	-	(4,808)	(4,808)	(2,008)
Net cash provided (used) by noncapital financing activities	$ (512,823)	$ (179,737)	$ (692,559)	$ (604,931)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	$ (703)	$ (158)	$ (861)	$ (1,639)
Principal paid on bond and loan maturities	(724)	-	(724)	-
Interest paid on revenue bonds	(102)	(78)	(180)	(109)
Capital lease payments (including imputed interest expense)	(1,236)	-	(1,236)	(1,892)
Proceeds from sale of property, plant, and equipment	2	-	2	-
Net cash provided (used) by capital and related financing activities	$ (2,763)	$ (235)	$ (2,998)	$ (3,641)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	$ (409,767)	$ (6,463,533)	$ (6,873,299)	$ (3,954,635)
Proceeds from sale and maturities of investment securities	321,233	6,486,533	6,807,766	3,717,403
Interest and dividends on investments	45,872	147,082	192,954	175,931
Net cash provided (used) by investing activities	$ (42,662)	$ 170,083	$ 127,421	$ (61,301)
Net cash provided (used) - all activities	$ (26,497)	$ (57,013)	$ (83,511)	$ 47,547
Cash and cash equivalents at beginning of year	113,126	253,187	366,313	318,766
Cash and cash equivalents at end of year	$ 86,629	$ 196,173	$ 282,802	$ 366,313

*Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.

	STATE FUNDS	COMPONENT UNITS	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Per balance sheet classifications:				
Cash	$ 7,780	$ 196,173	$ **203,953**	$ 259,901
Equity in common cash	82,007	-	**82,007**	113,871
Warrants outstanding	(3,158)	-	**(3,158)**	(7,459)
Cash and cash equivalents at end of year	$ 86,629	$ 196,173	$ **282,802**	$ 366,313
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Cost of capital assets acquisitions financed by capital leases or contributed by other funds	$ 738	$ -	$ **738**	$ 3,656
Capital lease liabilities entered into during the year	-	-	**-**	(2,511)
Increase in contributed capital	(738)	-	**(738)**	(1,145)
Transfer of bonds payable to trustee	-	1,386,478	**1,386,478**	146,785
Transfer of defeased bonds payable to trustee	-	380,550	**380,550**	-
Transfer of investments to trustee	-	(27,842)	**(27,842)**	-
Transfer of notes receivable to trustee	-	(1,739,185)	**(1,739,185)**	(146,785)
Total noncash investing, capital, and financing activities	$ -	$ -	$ **-**	$ -

STATE OF MICHIGAN
DESCRIPTIONS OF ENTERPRISE FUNDS
STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

LIQUOR PURCHASE REVOLVING FUND

The Liquor Purchase Revolving Fund was authorized by P.A. 259 of 1941. The Department of Commerce, Liquor Control Commission is primarily responsible for the fund. Under State monopoly, liquor is sold at retail or wholesale at State liquor stores and through specially designated distributors. The fund accounts for the sales of and the replenishing and transporting of the liquor stock of the various State liquor stores. Administrative, warehousing, and merchandising costs are appropriated in the fund. At the end of each fiscal year, the "net income" of the fund is transferred to the General Fund in accordance with P.A. 431 of 1984.

The advance to other funds on the balance sheet is receivable from other enterprise funds. It was recorded in an amount equal to the other funds' end of year negative balances in the State's common cash pool.

STATE LOTTERY FUND

Public Act 239 of 1972 established the State Lottery Fund and created a Bureau of State Lottery under authority of Section 4 of Article V of the State Constitution. This authority expired on August 1, 1974, at which time the Bureau became an organizational entity in the Department of Management and Budget. The Bureau was transferred to the Department of Treasury during fiscal year 1990-91. Public Act 239 of 1972 requires that, as nearly as practicable, 45% of gross ticket sales be allocated for prize awards. Net income of the fund related to lottery operations is transferred to the School Aid Fund and net income related to bingo and charity games regulation is transferred to the General Fund.

Revenues and related expenses are recognized in the period during which the related drawings are held. Deferred prize awards are recorded as expenses and liabilities at their discounted present value. The State Treasurer invests funds equivalent to the discounted value of the installment payments and the Lottery Fund is credited with the interest earnings.

LOW-LEVEL RADIOACTIVE WASTE AUTHORITY

The Low-Level Radioactive Waste Authority was established by P.A. 204 of 1987 to provide a regional low-level radioactive waste disposal facility, located in Michigan, to serve the needs of seven midwestern states. On July 24, 1991, the seven state compact voted to expel Michigan for failure to select a cite for a facility.

In prior years, the Authority was reported as a development stage enterprise. Because the Authority has ceased its activities to develop an operational low-level radioactive waste disposal facility, the Authority has ceased accounting for its activities as a development stage enterprise as of September 30, 1992. At this time, the Authority's limited operations are continuing with State financing.

The Authority was a legally autonomous agency within the Department of Management and Budget. Effective January 14, 1992, by Executive Order 1991-35, the Authority became an agency within the Michigan Department of Commerce. It is statutorially authorized to issue revenue bonds payable solely from the operation of a facility; however, at this point there are no plans to do so.

MICHIGAN STATE FAIR REVOLVING FUND

This fund was created by P.A. 224 of 1962, as amended. It is under the jurisdiction of the Department of Commerce, which is responsible for the management of the Michigan State Fair and fairgrounds in Detroit. Until February 12, 1994, when this fund had been administered by the Department of Natural Resources, Executive Order 1993-25 transferred responsibility to the Department of Commerce. Fund revenues are derived from the operation of the annual State Fair and other exhibits or events, leases, rentals or other charges for use of the buildings and grounds scheduled during the year. Administrative costs are appropriated in the fund. The net income of the fund is transferred to the General Fund as required by P.A. 431 of 1984. The advance from other funds on the balance sheet is payable to the Liquor Purchase Revolving Fund. It was recorded in an amount equal to this fund's end of year negative balance in the State's common cash pool.

STATE OF MICHIGAN
DESCRIPTIONS OF ENTERPRISE FUNDS
STATE FUNDS (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993

DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND

Public Act 107 of 1979 provided for creation of a fund to account for the revenues and costs incurred in the publication of the department's magazine, publications, and related materials. Direct administrative costs are appropriated and recorded in the fund. Operating transfers out are made to the General Fund to reimburse overhead costs which the General Fund incurs on behalf of this fund. The advance from other funds on the balance sheet is payable to the Liquor Purchase Revolving Fund. It was recorded in an amount equal to this fund's end of year negative balance in the State's common cash pool.

ACCIDENT FUND OF MICHIGAN

The Accident Fund of Michigan (AFOM) provides worker's compensation insurance for Michigan employers. Public Act 157 of 1990 established the AFOM as an autonomous entity within the Department of Commerce. The State is not liable for payment of claims beyond the extent of premiums received. Administrative costs are appropriated in the fund. Revenues consist mainly of premiums and investment income while expenses reflect claims and operational payments.

Public Act 198 of 1993 was enacted to permit the sale of the AFOM. The State Administrative Board is ultimately responsible for determining the buyer and terms of sale. Currently, bids are being sought from qualified buyers.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
STATE FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIOACTIVE WASTE AUTHORITY
ASSETS			
Current Assets:			
Cash	$ 3,140	$ 4,636	$ -
Equity in Common Cash	10,237	31,244	148
Amounts due from other funds	-	-	-
Inventories	24,484	1,511	-
Investments	-	90,106	-
Other current assets	413	19,481	-
Total Current Assets	38,274	146,978	148
Advances to other funds	9,240	-	-
Investments	-	741,155	-
Property, plant, and equipment:			
Land	98	-	-
Buildings and equipment	13,727	10,535	151
Allowance for depreciation	(7,333)	(6,096)	(122)
Construction in progress	-	-	-
Total property, plant, and equipment	6,491	4,439	29
Other noncurrent assets	-	-	-
Total Assets	$ 54,006	$ 892,572	$ 176
LIABILITIES AND FUND EQUITY			
Current Liabilities:			
Warrants outstanding	$ 1,906	$ 900	$ -
Accounts payable and other liabilities	32,948	121,560	74
Amounts due to other funds	5	-	-
Bonds and notes payable	-	934	-
Deferred revenue	15	-	-
Total Current Liabilities	34,874	123,394	74
Long-Term Liabilities:			
Advances from other funds	-	-	-
Prize awards payable	-	766,297	-
Deferred revenue	-	-	-
Bonds and notes payable	-	211	-
Other long-term liabilities	5,956	2,670	6,897
Total Liabilities	40,830	892,572	6,971
Fund Equity:			
Contributed capital - from other funds	-	-	-
Net unrealized gain on investments	-	-	-
Retained earnings:			
Unreserved	13,176	-	(6,795)
Total Retained Earnings	13,176	-	(6,795)
Total Fund Equity	13,176	-	(6,795)
Total Liabilities and Fund Equity	$ 54,006	$ 892,572	$ 176

MICHIGAN STATE FAIR REVOLVING FUND	DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND	ACCIDENT FUND OF MICHIGAN	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ 5	$ -	$ -	**$ 7,780**	$ 6,714
-	-	40,378	**82,007**	113,871
-	-	-	**-**	4
-	-	-	**25,995**	26,390
-	-	72,130	**162,237**	116,035
223	38	179,806	**199,961**	189,031
227	38	292,315	**477,979**	452,045
-	-	-	**9,240**	7,722
-	-	672,424	**1,413,579**	1,288,249
11,360	-	871	**12,330**	11,881
21,296	-	32,080	**77,788**	77,925
(11,418)	-	(14,976)	**(39,946)**	(36,220)
-	-	-	**-**	-
21,238	-	17,974	**50,172**	53,586
-	-	9,249	**9,249**	5,717
$ 21,465	$ 38	$ 991,961	**$ 1,960,219**	$ 1,807,319
$ 342	$ -	$ 9	**$ 3,158**	$ 7,459
1,137	30	233,472	**389,221**	362,721
3	-	20,846	**20,853**	11,184
-	-	-	**934**	-
41	-	89,273	**89,330**	91,246
1,523	30	343,600	**503,496**	472,609
7,804	1,436	-	**9,240**	7,722
-	-	-	**766,297**	703,494
-	-	-	**-**	208
-	-	-	**211**	-
74	51	530,956	**546,604**	531,391
9,401	1,517	874,556	**1,825,849**	1,715,424
8,321	-	-	**8,321**	7,583
-	-	6,832	**6,832**	5,170
3,743	(1,480)	110,573	**119,217**	79,142
3,743	(1,480)	110,573	**119,217**	79,142
12,064	(1,480)	117,405	**134,370**	91,895
$ 21,465	$ 38	$ 991,961	**$ 1,960,219**	$ 1,807,319

***Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.**

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIOACTIVE WASTE AUTHORITY
OPERATING REVENUES			
Operating revenues	$ 459,327	$ 1,275,829	$ -
Investment revenue (net)	-	-	-
Total Operating Revenues	459,327	1,275,829	-
OPERATING EXPENSES			
Salaries, wages, and other administrative	29,561	158,905	-
Depreciation	795	1,809	22
Purchases for resale	348,035	-	-
Lottery prize awards	-	684,554	-
Premiums and claims	-	-	-
Total Operating Expenses	378,391	845,269	22
Operating Income (Loss)	80,936	430,560	(22)
NONOPERATING REVENUES (EXPENSES)			
Specific tax on spirits	7,986	-	-
Interest revenue	-	1,276	-
Investment revenue (net)	-	65,263	-
Other nonoperating revenues	-	-	-
Amortization of prize award obligation discount	-	(64,852)	-
Interest expense	(249)	(142)	-
Other nonoperating expenses	-	-	(323)
Total Nonoperating Revenues (Expenses)	7,737	1,546	(323)
Income (Loss) Before Operating Transfers	88,673	432,105	(345)
OPERATING TRANSFERS			
Operating transfers in	30	-	288
Operating transfers out:			
To School Aid Fund	-	(427,640)	-
To other funds	(88,703)	(4,466)	-
Total operating transfers out	(88,703)	(432,105)	-
Total Operating Transfers In (Out)	(88,673)	(432,105)	288
Net Income (Loss)	-	-	(57)
Retained Earnings - Beginning of fiscal year	13,176	-	(6,738)
Retained Earnings - End of fiscal year	$ 13,176	$ -	$ (6,795)

MICHIGAN STATE FAIR REVOLVING FUND	DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND	ACCIDENT FUND OF MICHIGAN	TOTALS	
			FISCAL YEARS ENDED	
			SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 3,517	$ 793	$ 191,209	**$ 1,930,675**	$ 1,871,217
-	-	60,762	**60,762**	52,533
3,517	793	251,971	**1,991,437**	1,923,749
4,301	586	20,261	**213,614**	207,377
505	-	2,031	**5,163**	5,137
-	442	-	**348,477**	352,225
-	-	-	**684,554**	612,362
-	-	171,783	**171,783**	184,721
4,806	1,027	194,075	**1,423,591**	1,361,822
(1,289)	(234)	57,896	**567,846**	561,927
-	-	-	**7,986**	7,853
-	-	-	**1,276**	2,249
-	-	-	**65,263**	59,763
-	2	535	**537**	446
-	-	-	**(64,852)**	(57,994)
(279)	(11)	-	**(681)**	(1,145)
-	-	(16,459)	**(16,782)**	(5,032)
(279)	(9)	(15,924)	**(7,252)**	6,139
(1,568)	(243)	41,972	**560,594**	568,066
164	-	5	**487**	444
-	-	-	**(427,640)**	(474,037)
(59)	(5)	(134)	**(93,366)**	(76,917)
(59)	(5)	(134)	**(521,006)**	(550,953)
105	(5)	(129)	**(520,519)**	(550,510)
(1,463)	(248)	41,843	**40,075**	17,556
5,205	(1,231)	68,731	**79,142**	61,586
$ 3,743	$ (1,480)	$ 110,573	**$ 119,217**	$ 79,142

STATE OF MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	STATE LOTTERY FUND	LOW-LEVEL RADIOACTIVE WASTE AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	$ 80,936	$ 430,560	$ (22)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	795	1,809	22
Interest (nonprogram) and investment income	-	-	-
Other adjustments	-	-	(306)
Changes in assets and liabilities:			
Amounts due from other funds	-	-	-
Inventories	1,425	(1,262)	-
Other assets	(70)	4,204	-
Accounts payable and other liabilities	5,105	10,381	62
Amounts due to other funds	(4)	-	-
Deferred revenue	(57)	(2,752)	-
Net cash provided (used) by operating activities	$ 88,129	$ 442,940	$ (244)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interest paid	$ -	$ -	$ -
Loans or loan repayments from other funds	-	-	-
Loans made or repayments to other funds	(1,518)	-	-
Specific tax on spirits	7,986	-	-
Operating transfers in from other funds	30	-	288
Operating transfers out to other funds	(88,703)	(432,105)	-
Equity transfers from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	$ (82,204)	$ (432,105)	$ 288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	$ (210)	$ 6	$ -
Principal paid on bond and loan maturities	-	(724)	-
Interest paid on revenue bonds	-	(102)	-
Capital lease payments (including imputed interest expense)	(734)	(501)	-
Proceeds from sale of property, plant, and equipment	-	-	-
Net cash provided (used) by capital and related financing activities	$ (944)	$ (1,321)	$ -
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities	$ -	$ (100,815)	$ -
Proceeds from sale and maturities of investment securities	-	82,476	-
Interest and dividends on investments	-	1,276	-
Net cash provided (used) by investing activities	$ -	$ (17,063)	$ -
Net cash provided (used) - all activities	$ 4,980	$ (7,549)	$ 45
Cash and cash equivalents at beginning of year	6,491	42,528	103
Cash and cash equivalents at end of year	$ 11,471	$ 34,979	$ 148
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per balance sheet classifications:			
Cash	$ 3,140	$ 4,636	$ -
Equity in common cash	10,237	31,244	148
Warrants outstanding	(1,906)	(900)	-
Cash and cash equivalents at end of year	$ 11,471	$ 34,979	$ 148
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquisitions financed by capital leases or contributed by other funds	$ -	$ -	$ -
Capital lease liabilities entered into during the year	-	-	-
Increase in contributed capital	-	-	-
Total noncash investing, capital, and financing activities	$ -	$ -	$ -

MICHIGAN STATE FAIR REVOLVING FUND	DEPARTMENT OF NATURAL RESOURCES MAGAZINE FUND	ACCIDENT FUND OF MICHIGAN	TOTALS	
			SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ (1,289)	$ (234)	$ 57,896	$ **567,846**	$ 561,927
505	-	2,031	**5,163**	5,137
-	-	(60,762)	**(60,762)**	(52,533)
-	-	(15,924)	**(16,230)**	209
4	-	-	**4**	(4)
-	233	-	**395**	4,942
27	149	(18,679)	**(14,369)**	25,856
98	(2)	26,513	**42,157**	28,508
3	-	9,671	**9,670**	(44)
(16)	(736)	1,437	**(2,124)**	(9,911)
$ (668)	$ (591)	$ 2,183	$ **531,751**	$ 564,086
$ (279)	$ (11)	$ -	$ **(290)**	$ (343)
-	663	-	**663**	1,073
855	-	-	**(663)**	(1,073)
-	-	-	**7,986**	7,853
164	-	5	**487**	444
(59)	(5)	(134)	**(521,006)**	(551,241)
-	-	-	**-**	6,006
$ 681	$ 647	$ (129)	$ **(512,823)**	$ (537,282)
$ (115)	$ -	$ (385)	$ **(703)**	$ (940)
-	-	-	**(724)**	-
-	-	-	**(102)**	-
-	-	-	**(1,236)**	(1,892)
-	2	-	**2**	-
$ (115)	$ 2	$ (385)	$ **(2,763)**	$ (2,833)
$ -	$ -	$ (308,952)	$ **(409,767)**	$ (318,741)
-	-	238,757	**321,233**	223,383
-	-	44,596	**45,872**	47,152
$ -	$ -	$ (25,599)	$ **(42,662)**	$ (48,206)
$ (101)	$ 58	$ (23,930)	$ **(26,497)**	$ (24,234)
(236)	(59)	64,299	**113,126**	137,360
$ (337)	$ -	$ 40,369	$ **86,629**	$ 113,126
$ 5	$ -	$ -	$ **7,780**	$ 6,714
-	-	40,378	**82,007**	113,871
(342)	-	(9)	**(3,158)**	(7,459)
$ (337)	$ -	$ 40,369	$ **86,629**	$ 113,126
$ 738	$ -	$ -	$ **738**	$ 3,656
-	-	-	**-**	(2,511)
(738)	-	-	**(738)**	(1,145)
$ -	$ -	$ -	$ **-**	$ -

***Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.**

STATE OF MICHIGAN
DESCRIPTIONS OF ENTERPRISE FUNDS
COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

The Authority was organized under P.A. 38 of 1969, as amended, to lend money to nonprofit, nonpublic hospitals and health-care corporations for capital improvements or debt refinancing. The Act also empowers the Authority to sell bonds and to enter into loan and other agreements to obtain the necessary funds for such loans. The Authority is comprised of seven members including a chairperson and four public members appointed by the Governor with the advice and consent of the Senate, and two members ex officio (the State Treasurer and the Director of the Department of Public Health). Some of the Authority's revenue and mortgage bonds have been defeased by the various borrowers by placing proceeds of new bonds in an escrow with the State Treasurer or trustee as escrow agent. Such defeased bonds and related investments are reported in the State Treasurer's Escrow and Paying Agent Fund.

MICHIGAN EDUCATION TRUST

The Michigan Education Trust (MET) operates a prepaid tuition program. A purchaser enters into a contract with MET which provides that in return for a specified actuarially determined payment, MET will provide a Michigan child's undergraduate tuition at any Michigan public college or university. The amount which the purchaser is required to pay is based on several factors. Among these are today's tuition costs, the child's age and grade in school, anticipated investment earnings, and tuition rate increases.

The creation of MET as an entity within the Michigan Department of Treasury was authorized by P.A. 316 of 1986. The MET is governed by a nine-member board that consists of the State Treasurer and eight other individuals appointed by the Governor with the advice and consent of the Senate. Although MET is administratively located within the Michigan Department of Treasury, the act provides its assets are not to be considered assets of the State and are not to be loaned or otherwise transferred or used by the State for any purpose other than the purposes specified in the act. The act and contracts also specifically provide that the State is not liable if the MET becomes actuarially unsound. In that event, the contracts provide for refunds to participants.

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

Public Act 222 of 1975, as amended, authorized the establishment of the Michigan Higher Education Student Loan Authority within the Department of Education, for the purpose of making loans to qualified students (or their parents) attending participating institutions of higher education. Under a guarantee agreement entered into with the Michigan Higher Education Assistance Authority, loans are guaranteed as to 100% of principal and interest. The Authority may issue revenue-dedicated debt in the principal amounts necessary to provide funds for achieving its purpose. The Authority is governed by the sixteen members of the Michigan Higher Education Assistance Authority who are appointed by the Governor with the consent of the Senate. The Superintendent of Public Instruction, an ex officio member, serves as chairman.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

The Michigan Higher Education Assistance Authority was created by the Legislature through P.A. 77 of 1960, as amended. It is governed by a sixteen member board, each member being appointed by the Governor with the advice and consent of the Senate. The Authority is empowered to guarantee 100% of principal and interest on loans to persons (or their parents) attending eligible post-secondary educational institutions in Michigan. The federal government reimburses the Authority for losses on purchased loans at varying percentages depending upon rates of defaults. Revenues consist of recovery of loan losses, federal reimbursement, loan guarantee fees, and investment income.

STATE OF MICHIGAN
DESCRIPTIONS OF ENTERPRISE FUNDS (Continued)
COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

MACKINAC ISLAND STATE PARK COMMISSION

The Mackinac Island State Park Commission was established by P.A. 355 of 1927. It consists of seven members who are appointed by the Governor with the advice and consent of the Senate. The Commission is responsible for the management of the Mackinac Island and Michilimackinac State Parks and has the authority to issue revenue dedicated bonds. Operating transfers to the Commission are principally from the General Fund for park operations.

MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) was created by P.A. 270 of 1984 to help diversify the economy of the State and provide for economic development, primarily by assisting business enterprises to obtain additional sources of financing. The Capital Access and BIDCO investment programs help companies that have financing needs which cannot be satisfied by conventional bank lending. The Seed Capital program provides the early capital needed for business development before a company is ready for traditional venture capital, while the minority BIDCO program emphasizes investment in minority businesses.

The MSF is governed by a board of nine members, consisting of the Directors of the State Departments of Commerce and Treasury plus seven members appointed by the Governor with the advice and consent of the Senate. Administratively, the MSF is within the Department of Commerce. The MSF succeeded to the rights, properties, obligations and duties of the Michigan Job Development Authority and Michigan Economic Development Authority.

The MSF is authorized to issue various types of limited obligation debt. The MSF also receives oil and gas related revenues through operating transfers from the Michigan Natural Resources Trust Fund (a special revenue fund). Operating transfers out provide financing for certain General Fund programs in the Department of Commerce and the Department of Natural Resources.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

The Michigan State Housing Development Authority (MSHDA) was created by P.A. 346 of 1966, as amended, to issue notes and bonds to finance housing for sale or rental to families with low or moderate incomes and to finance home improvements. The MSHDA is also the administrator of various "Section 8" housing programs in Michigan for the U.S. Department of Housing and Urban Development. Members of the Authority are appointed by the Governor. The Authority, which is administratively within the Department of Commerce, has a June 30 fiscal year-end.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
COMPONENT UNITS

SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN EDUCATION TRUST	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
ASSETS				
Current Assets:				
Cash	$ 276	$ 289	$ 33,705	$ 2,958
Amounts due from other funds	58	130	-	1,303
Amounts due from federal agencies	-	-	749	10,457
Inventories	-	-	-	-
Investments	5,910	27,227	50,709	41,263
Other current assets:				
Mortgages and loans receivable	-	-	49,017	-
Interest receivable	690	9,017	5,070	145
Miscellaneous	2	15	55	4
Total other current assets	693	9,032	54,141	149
Total Current Assets	6,937	36,678	139,304	56,129
Advances to other funds	-	-	-	-
Mortgages and loans receivable	-	-	277,574	815
Investments	2,166	497,409	182,526	-
Property, plant, and equipment:				
Land	-	-	-	-
Buildings and equipment	-	-	-	-
Allowance for depreciation	-	-	-	-
Construction in progress	-	-	-	-
Total property, plant, and equipment	-	-	-	-
Other noncurrent assets	-	-	9,170	-
Total Assets	$ 9,103	$ 534,086	$ 608,574	$ 56,945
LIABILITIES AND FUND EQUITY				
Current Liabilities:				
Accounts payable and other liabilities	$ 313	$ 17,891	$ 51	$ 5,037
Amounts due to other funds	-	5	275	-
Bonds and notes payable	-	-	9,320	-
Interest payable	-	-	6,659	-
Deferred revenue	-	-	-	3,455
Total Current Liabilities	313	17,896	16,305	8,492
Long-Term Liabilities:				
Bonds and notes payable	-	-	519,180	-
Other long-term liabilities:				
Tuition benefits	-	462,089	-	-
Escrow funds	-	-	-	-
Miscellaneous	2,166	19,787	1,991	464
Total other long-term liabilities	2,166	481,876	1,991	464
Total Liabilities	2,479	499,772	537,476	8,956
Fund Equity:				
Contributed Capital:				
From other funds	-	-	-	1,500
From other governmental units	-	-	-	16
Total Contributed Capital	-	-	-	1,517
Net unrealized gain (loss) on investments	-	36,679	-	-
Retained Earnings:				
Reserved	-	-	6,239	-
Unreserved	6,624	(2,366)	64,858	46,473
Total Retained Earnings	6,624	(2,366)	71,098	46,473
Total Fund Equity	6,624	34,314	71,098	47,989
Total Liabilities and Fund Equity	$ 9,103	$ 534,086	$ 608,574	$ 56,945

			TOTALS	
MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN STRATEGIC FUND	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ 1,252	$ 529	$ 157,163	$ 196,173	$ 253,187
48	527	2,001	4,066	6,557
-	-	3,068	14,274	12,924
257	-	-	257	238
1,668	25,102	303,251	455,129	738,829
-	2,526	-	51,542	39,455
-	1,475	23,053	39,450	45,137
55	-	12,702	12,833	12,376
55	4,001	35,755	103,826	96,968
3,280	30,159	501,239	773,725	1,108,704
-	-	-	-	22,505
-	20,348	1,778,477	2,077,214	3,551,417
1,204	47,240	510,141	1,240,685	1,029,325
286	-	-	286	286
5,740	-	-	5,740	5,959
(2,553)	-	-	(2,553)	(2,337)
15	-	-	15	93
3,488	-	-	3,488	4,002
242	30,910	5,051	45,374	38,746
$ 8,214	$ 128,656	$ 2,794,909	$ 4,140,486	$ 5,754,698
$ 84	$ -	$ 5,666	$ 29,041	$ 23,225
34	84	391	788	3,701
78	6,440	334,856	350,694	185,242
15	32	29,609	36,316	92,493
-	-	3,223	6,678	6,151
211	6,556	373,744	423,517	310,812
2,598	-	1,947,580	2,469,357	4,274,607
-	-	-	462,089	440,839
-	-	259,809	259,809	245,359
-	6,550	5,631	36,589	26,545
-	6,550	265,439	758,486	712,743
2,808	13,106	2,596,763	3,651,360	5,298,163
-				
-	-	-	1,500	1,500
-	-	-	16	16
-	-	-	1,517	1,517
-	-	-	36,679	30,599
1,446	53,639	144,109	205,433	190,009
3,960	61,911	64,037	245,497	234,410
5,406	115,550	208,145	450,930	424,420
5,406	115,550	208,145	489,126	456,535
$ 8,214	$ 128,656	$ 2,794,909	$ 4,140,486	$ 5,754,698

* Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN EDUCATION TRUST	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
OPERATING REVENUES				
Operating revenues	$ -	$ -	$ -	$ 32,822
Interest income	96,939	18,359	21,732	-
Investment revenue (net)	10,440	37,468	5,741	-
Miscellaneous:				
Federal revenues	-	-	3,163	50,659
Financing fees	-	-	-	-
Other	2,506	509	-	-
Total miscellaneous	2,506	509	3,163	50,659
Total Operating Revenues	109,886	56,336	30,636	83,481
OPERATING EXPENSES				
Salaries, wages, and other administrative	2,835	1,175	6,149	8,511
Interest expense	106,025	-	19,611	-
Depreciation	-	-	-	-
Purchases for resale	-	-	-	-
Other operating expenses:				
Loan loss expense	-	-	-	50,659
Tuition benefit expense	-	35,440	-	-
Amortization of deferred issue costs	-	-	527	-
Miscellaneous	-	-	738	21,963
Total other operating expenses	-	35,440	1,265	72,622
Total Operating Expenses	108,859	36,614	27,025	81,133
Operating Income (Loss)	1,027	19,722	3,611	2,348
NONOPERATING REVENUES (EXPENSES)				
Federal grant revenue	-	-	-	-
Interest revenue	-	-	-	1,666
Other nonoperating revenues	-	-	-	-
Grant expense	-	-	-	-
Interest expense	-	-	-	-
Other nonoperating expenses:				
Income tax expense	-	(12,245)	-	-
Other nonoperating expense	(5,309)	-	-	-
Total other nonoperating expenses	(5,309)	(12,245)	-	-
Total Nonoperating Revenues (Expenses)	(5,309)	(12,245)	-	1,666
Income (Loss) Before Operating Transfers	(4,282)	7,477	3,611	4,013
OPERATING TRANSFERS				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Operating Transfers In (Out)	-	-	-	-
Net Income (Loss)	(4,282)	7,477	3,611	4,013
Retained Earnings - Beginning of fiscal year	10,906	(9,842)	67,487	42,460
Retained Earnings - End of fiscal year	$ 6,624	$ (2,366)	$ 71,098	$ 46,473

MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN STRATEGIC FUND	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1993	TOTALS FISCAL YEARS ENDED SEPTEMBER 30, 1992
$ 2,434	$ -	$ -	$ 35,256	$ 31,262
-	1,072	160,059	298,161	323,674
-	6,242	37,170	97,061	113,652
-	-	5,238	59,060	49,248
-	269	-	269	401
-	26	2,319	5,360	3,378
-	295	7,556	64,689	53,027
2,434	7,608	204,786	495,167	521,614
3,812	3,157	19,061	44,699	42,844
-	1,203	157,372	284,210	342,495
216	-	-	216	189
240	-	-	240	265
-	6,642	1,738	59,040	43,117
-	-	-	35,440	48,077
-	-	-	527	387
105	-	7,110	29,916	26,804
105	6,642	8,849	124,923	118,384
4,373	11,002	185,282	454,288	504,176
(1,939)	(3,393)	19,504	40,879	17,438
-	-	48,245	48,245	43,724
171	-	-	1,836	2,233
153	-	-	153	222
-	(7,743)	(55,014)	(62,757)	(61,954)
(89)	-	-	(89)	(115)
-	-	-	(12,245)	(9,391)
(630)	-	(1,614)	(7,553)	(3,478)
(630)	-	(1,614)	(19,799)	(12,869)
(395)	(7,743)	(8,383)	(32,410)	(28,757)
(2,334)	(11,137)	11,121	8,469	(11,319)
1,753	20,000	5,856	27,609	27,722
-	(9,567)	-	(9,567)	(7,526)
1,753	10,433	5,856	18,042	20,196
(582)	(704)	16,977	26,511	8,877
5,987	116,254	191,168	424,420	415,543
$ 5,406	$ 115,550	$ 208,145	$ 450,930	$ 424,420

STATE OF MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS - COMPONENT UNITS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN EDUCATION TRUST	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ 1,027	$ 19,722	$ 3,611	$ 2,348
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	-	-	-	-
Amortization of deferred items (net)	-	-	844	-
Accretion of tuition benefit obligation	-	35,440	-	-
Interest (nonprogram) and investment income	(10,440)	(56,290)	(5,741)	-
Interest expense	106,025	-	19,611	-
Provision for income tax	-	(12,245)	-	-
Other adjustments	(5,309)	-	-	-
Changes in assets and liabilities:				
Amounts due from other funds	24,335	(36)	-	662
Amounts due from federal agencies	-	-	(90)	(1,954)
Inventories	-	-	-	-
Mortgages and loans receivable (program loans)	(311,337)	-	(90,810)	-
Other assets	34,019	(11)	(1,269)	-
Accounts payable and other liabilities	(71)	6,586	2	(244)
Amounts due to other funds	(72)	5	172	-
Deferred revenue	-	-	-	(1,858)
Tuition benefit obligation (nonaccretion portion)	-	(14,190)	-	-
Net cash provided (used) by operating activities	$ (161,825)	$ (21,019)	$ (73,669)	$ (1,046)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from sale of bonds and notes	$ -	$ -	$ 158,455	$ -
Principal repayments on bonds and notes	(69,885)	-	(5,980)	-
Interest paid	(111,866)	-	(20,143)	-
Grants received from federal government	-	-	-	-
Grant expense	-	-	-	-
Operating transfers in from other funds	-	-	-	-
Operating transfers out to other funds	-	-	-	-
Other	-	-	(1,999)	-
Net cash provided (used) by noncapital financing activities	$ (181,751)	$ -	$ 130,333	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	$ -	$ -	$ -	$ -
Interest paid on revenue bonds	-	-	-	-
Net cash provided (used) by capital and related financing activities	$ -	$ -	$ -	$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	$ (4,614,340)	$ (675,613)	$ (726,944)	$ (59,463)
Proceeds from sale and maturities of investment securities	4,943,743	608,756	642,745	54,323
Interest and dividends on investments	13,096	86,242	6,282	1,827
Net cash provided (used) by investing activities	$ 342,498	$ 19,385	$ (77,916)	$ (3,314)
Net cash provided (used) - all activities	$ (1,078)	$ (1,634)	$ (21,253)	$ (4,360)
Cash and cash equivalents at beginning of year	1,354	1,924	54,958	7,318
Cash and cash equivalents at end of year	$ 276	$ 289	$ 33,705	$ 2,958
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Per balance sheet classifications:				
Cash	$ 276	$ 289	$ 33,705	$ 2,958
Cash and cash equivalents at end of year	$ 276	$ 289	$ 33,705	$ 2,958
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Transfer of bonds payable to trustee	1,386,478	-	-	-
Transfer of defeased bonds payable to trustee	380,550	-	-	-
Transfer of investments to trustee	(27,842)	-	-	-
Transfer of notes receivable to trustee	(1,739,185)	-	-	-
Total noncash investing, capital, and financing activities	$ -	$ -	$ -	$ -

MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN STRATEGIC FUND	MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	TOTALS	
			SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RECLASSIFIED)*
$ (1,939)	$ (3,393)	$ 19,504	$ 40,879	$ 17,438
216	-	-	216	189
-	-	-	844	438
-	-	-	35,440	48,077
-	(6,242)	(34,070)	(112,783)	(130,356)
-	1,203	157,372	284,210	342,495
-	-	-	(12,245)	(9,391)
327	-	-	(4,982)	222
14	2,125	(1,905)	25,196	(1,126)
-	-	695	(1,350)	8,796
(19)	-	-	(19)	(11)
-	3,943	50,348	(347,855)	(125,419)
(92)	(1,015)	4,483	36,115	(2,736)
2	1,083	18,180	25,538	13,102
(2)	(5)	(377)	(280)	(391)
-	-	-	(1,858)	(2,111)
-	-	-	(14,190)	(5,882)
$ (1,493)	$ (2,302)	$ 214,229	$ (47,124)	$ 153,334
$ 2,080	$ -	$ 607,975	$ 768,510	$ 479,526
(815)	(4,535)	(583,090)	(664,305)	(245,381)
-	(1,295)	(146,528)	(279,831)	(304,409)
-	-	48,245	48,245	42,693
-	(7,743)	(55,014)	(62,757)	(61,954)
1,753	20,000	5,856	27,609	29,984
-	(12,399)	-	(12,399)	(6,100)
(150)	-	(2,659)	(4,808)	(2,008)
$ 2,868	$ (5,972)	$ (125,214)	$ (179,737)	$ (67,649)
$ (158)	$ -	$ -	$ (158)	$ (699)
(78)	-	-	(78)	(109)
$ (235)	$ -	$ -	$ (235)	$ (808)
$ (1,127)	$ (100,049)	$ (285,997)	$ (6,463,533)	$ (3,635,894)
241	101,827	134,899	6,486,533	3,494,020
171	6,578	32,886	147,082	128,779
$ (715)	$ 8,356	$ (118,211)	$ 170,083	$ (13,095)
$ 425	$ 82	$ (29,196)	$ (57,013)	$ 71,781
827	447	186,359	253,187	181,406
$ 1,252	$ 529	$ 157,163	$ 196,173	$ 253,187
$ 1,252	$ 529	$ 157,163	$ 196,173	$ 253,187
$ 1,252	$ 529	$ 157,163	$ 196,173	$ 253,187
-	-	-	1,386,478	146,785
-	-	-	380,550	-
-	-	-	(27,842)	-
-	-	-	(1,739,185)	(146,785)
$ -	$ -	$ -	$ -	$ -

* Some of the amounts shown in the September 30, 1992 column have been reclassified from the prior year's report.

STATE OF MICHIGAN
DESCRIPTIONS OF INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

CORRECTIONAL INDUSTRIES REVOLVING FUND

This fund was created by P.A. 210 of 1935 and continued by P.A. 15 of 1968 to account for the financial transactions of a manufacturing and processing industry, employing inmates of the State's correctional institutions. Public Act 245 of 1980 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, and certain tax exempt organizations.

Public Act 205 of 1986 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years respectively. Executive Order 1992-13 required that for the fiscal year ending September 30, 1992, the payment must equal this fund's "available" cash, which resulted in a larger than scheduled repayment. As a result, no payment was required for fiscal year 1992-93.

MOTOR TRANSPORT FUND

This fund was created by P.A. 260 of 1947 and continued by P.A. 431 of 1984 to provide automotive transportation for State agencies. Activities include lease, purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short term usage. The Motor Transport Division vehicles are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are charged by Motor Transport Division on a monthly basis.

OFFICE SERVICES REVOLVING FUND

Created by P.A. 262 of 1952, this fund provides services in the following areas: reproduction, microfilm, mailing, governor's intern program, distribution of federal surplus property and purchase and storage of paper, stationery, and office supplies. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment.

INFORMATION TECHNOLOGY REVOLVING FUND

This fund was created by administrative decision, the purpose of which is to provide telecommunication services to other State funds. Administrative costs are appropriated in the General Fund and financed by interfund transfer. The cost of providing services is charged to the user agencies on a monthly basis. Bonds and notes payable represent the financing of equipment by the State Building Authority.

RISK MANAGEMENT FUND

This fund was administratively established to account for certain centralized risk management functions performed by the Department of Management and Budget for other State agencies. Currently, the fund has assumed a degree of risk for automotive liability, the Michigan State Fair liability claims, and the employee bonding program. These activities are recorded as operating activity of the fund. Operating activities of the fund also include administrative functions and the fleet safety program. Other activities of the fund for which the fund assumes no risk include the centralized purchasing of insurance coverage. These transactions are recorded as collections and distributions in balance sheet accounts.

STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the Department of Civil Service's insurance plans which provide state sponsored health, long-term disability, life, vision, and dental coverage for participating employees and retirees. The plans' funding methods range from those where the State is fully self-insured to those where an outside carrier assumes partial risk on a contracted basis.

For those programs where the State purchases full coverage (e.g., health maintenance organizations), premiums are recorded as revenues and expenses. For self-insured (vision, dental, and most health coverage) and partially self-insured (long-term disability and life) benefit programs, the State recognizes revenues, expenses, and liabilities (insurance "reserves") in accordance with accounting principles applicable to insurance accounting in the private sector. This results in the recognition of unearned premiums (deferred revenues), rather than retained earnings, when a program's assets exceed its liabilities.

The amounts reflected as advances and amounts due from other funds include reclassifications of other funds' negative balances in the common cash pool.

STATE WATER POLLUTION CONTROL LOAN FUND

This fund was established by P.A. 316 of 1988 to assist governmental units in financing their water quality projects. The fund is within the Michigan Municipal Bond Authority (MMBA), which is an organization within the Department of Treasury.

Original capitalization of the fund is being provided by State bonding and federal grants. Of the $800.0 million of general obligation bonds authorized by the voters on November 8, 1988, not more than $60.0 million is to be used to capitalize the fund. Additional State contributions were authorized by P.A. 30 and P.A. 31 of 1993 from the Environmental Protection Bond Fund and the Water Pollution Control Bond Fund. Other financing is provided by federal grants, operating revenues, or through other means allowed by the Federal Water Pollution Control Act.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND
ASSETS				
Current Assets:				
Cash	$ 3	$ -	$ 1,000	$ -
Equity in Common Cash	730	5,502	-	-
Amounts due from other funds	-	-	-	1,659
Amounts due from federal agencies	12	-	-	-
Amounts due from local units	735	-	19	-
Inventories	10,523	331	5,807	-
Investments	-	-	-	-
Other current assets	8	1,279	289	2
Total Current Assets	12,013	7,112	7,115	1,661
Advances to other funds	-	-	-	-
Amounts due from local units	-	-	-	-
Investments	-	-	-	-
Property, plant, and equipment:				
Buildings and equipment	34,727	45,202	10,256	23,850
Allowance for depreciation	(13,475)	(26,574)	(7,003)	(11,880)
Construction in progress	4,430	-	-	-
Total property, plant, and equipment	25,682	18,628	3,252	11,969
Other noncurrent assets	20	-	-	-
Total Assets	$ 37,715	$ 25,739	$ 10,367	$ 13,630
LIABILITIES AND FUND EQUITY				
Current Liabilities:				
Warrants outstanding	$ 108	$ 223	$ 117	$ 131
Accounts payable and other liabilities	1,277	977	2,225	2,603
Amounts due to other funds	13	-	1,012	701
Bonds and notes payable	-	-	-	123
Deferred revenue	-	-	12	39
Total Current Liabilities	1,399	1,200	3,366	3,596
Long-Term Liabilities:				
Advances from other funds	8,690	-	2,800	8,188
Deferred revenue	-	-	-	-
Bonds and notes payable	-	-	-	-
Other long-term liabilities	1,183	462	2,517	762
Total Liabilities	11,271	1,662	8,682	12,547
Fund Equity:				
Contributed Capital:				
From other funds	1,374	8,444	-	-
From other governmental units	-	-	-	-
Total Contributed Capital	1,374	8,444	-	-
Retained earnings - unreserved	25,069	15,632	1,685	1,084
Total Fund Equity	26,443	24,077	1,685	1,084
Total Liabilities and Fund Equity	$ 37,715	$ 25,739	$ 10,367	$ 13,630

RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	STATE WATER POLLUTION CONTROL LOAN FUND	TOTALS	
			SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ -	$ -	$ 840	$ 1,843	$ 1,005
4,928	113,780	20,068	145,009	27,300
-	1,723	-	3,382	70,357
-	-	417	430	273
-	-	3,163	3,918	3,887
-	-	-	16,661	19,126
-	-	5,129	5,129	-
4	426	14,472	16,480	2,410
4,932	115,929	44,090	192,852	124,359
-	10,988	21,999	32,987	10,532
-	-	130,911	130,911	124,680
-	-	45,552	45,552	-
-	586	-	114,619	129,519
-	(430)	-	(59,363)	(63,500)
-	-	-	4,430	4,430
-	156	-	59,686	70,449
-	50,412	-	50,432	43,354
$ 4,932	$ 177,486	$ 242,551	$ 512,420	$ 373,374
$ 1	$ 393	$ -	$ 974	$ 1,323
144	72,592	923	80,741	84,858
-	-	501	2,227	765
-	-	-	123	113
4,556	71,960	-	76,566	9,155
4,701	144,945	1,423	160,630	96,213
-	-	-	19,678	19,083
-	-	-	-	39
-	-	-	-	11
9	54,969	-	59,902	59,623
4,710	199,915	1,423	240,211	174,969
-	-	73,794	83,613	66,038
-	-	162,168	162,168	107,145
-	-	235,962	245,780	173,183
222	(22,429)	5,165	26,429	25,221
222	(22,429)	241,127	272,210	198,405
$ 4,932	$ 177,486	$ 242,551	$ 512,420	$ 373,374

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND
OPERATING REVENUES	$ 23,505	$ 38,281	$ 37,507	$ 13,702
OPERATING EXPENSES:				
Salaries, wages, and other administrative	15,063	5,416	15,550	11,411
Depreciation	1,219	3,937	1,147	2,325
Purchases for resale	-	-	20,346	-
Purchases for prison industries	10,351	-	-	-
Premiums and claims	-	2,325	-	-
Other operating expenses:				
Leased vehicles expense	-	16,779	-	-
Vehicle maintenance expense	-	10,537	-	-
Interest subsidy expense	-	-	-	-
Total other operating expenses	-	27,316	-	-
Total Operating Expenses	26,634	38,994	37,043	13,735
Operating Income (Loss)	(3,129)	(713)	464	(33)
NONOPERATING REVENUES (EXPENSES):				
Federal grant revenue	-	-	-	-
Other nonoperating revenues	435	781	21	77
Interest expense	(138)	-	-	-
Other nonoperating expense	(281)	(25)	(98)	(398)
Total Nonoperating Revenues (Expenses)	16	755	(78)	(321)
Income (Loss) Before Operating Transfers	(3,113)	43	386	(354)
OPERATING TRANSFERS:				
Operating transfers in	9	4	9	3
Operating transfers out	(189)	(590)	(1,054)	(386)
Total Operating Transfers In (Out)	(180)	(586)	(1,045)	(383)
Net Income (Loss)	(3,293)	(543)	(659)	(737)
Retained Earnings - Beginning of fiscal year	28,362	16,176	2,344	1,821
Retained Earnings - End of fiscal year	$ 25,069	$ 15,632	$ 1,685	$ 1,084

			TOTALS	
	STATE SPONSORED		FISCAL YEARS ENDED	
RISK MANAGEMENT FUND	GROUP INSURANCE FUND	STATE WATER POLLUTION CONTROL LOAN FUND	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ 1,850	$ 522,829	$ 4,718	$ 642,392	$ 615,911
362	33,081	1,808	82,691	75,524
-	78	-	8,707	11,236
-	-	-	20,346	19,380
-	-	-	10,351	8,474
1,291	486,674	-	490,290	481,876
-	-	-	16,779	15,043
-	-	-	10,537	10,716
-	-	1,143	1,143	-
-	-	1,143	28,459	25,759
1,653	519,834	2,951	640,844	622,250
196	2,996	1,767	1,548	(6,339)
-	-	1,506	1,506	1,186
-	-	-	1,313	313
-	-	-	(138)	-
-	-	-	(802)	(1,125)
-	-	1,506	1,879	374
196	2,996	3,273	3,427	(5,965)
-	-	-	25	25
(16)	(10)	-	(2,244)	(2,169)
(15)	(10)	-	(2,219)	(2,144)
181	2,986	3,273	1,208	(8,109)
41	(25,415)	1,892	25,221	33,330
$ 222	$ (22,429)	$ 5,165	$ 26,429	$ 25,221

STATE OF MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (3,129)	$ (713)	$ 464	$ (33)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,219	3,937	1,147	2,325
Interest (nonprogram) and investment income	-	-	-	-
Changes in assets and liabilities:				
Amounts due from other funds	-	-	-	(238)
Amounts due from federal agencies	10	-	-	-
Amounts due from local units	(433)	-	13	-
Inventories	1,572	290	603	-
Mortgages and loans receivable (program loans)	-	-	-	-
Other assets	410	(1,150)	(166)	(2)
Accounts payable and other liabilities	197	(19)	716	693
Amounts due to other funds	13	-	(1)	1
Deferred revenue	-	-	(9)	(26)
Net cash provided (used) by operating activities	$ (141)	$ 2,346	$ 2,768	$ 2,720
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans or loan repayments from other funds	$ -	$ -	$ -	$ 2,369
Loans made or repayments to other funds	-	(63)	(902)	-
Grants received from federal government	-	-	-	-
Operating transfers in from other funds	9	4	9	3
Operating transfers out to other funds	(189)	(590)	(1,054)	(386)
Equity transfers from other funds	-	-	-	-
Net cash provided (used) by noncapital financing activities	$ (180)	$ (649)	$ (1,947)	$ 1,986
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	$ (352)	$ (714)	$ (171)	$ (1,071)
Principal paid on bond and loan maturities	-	-	-	(16)
Capital lease payments (including imputed interest expense)	-	-	(493)	(4,843)
Proceeds from sale of property, plant, and equipment	436	4,430	48	1,105
Loan repayments to other funds	-	-	-	-
Net cash provided (used) by capital and related financing activities	$ 85	$ 3,716	$ (615)	$ (4,825)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	$ -	$ -	$ -	$ -
Interest and dividends on investments	-	-	-	-
Net cash provided (used) by investing activities	$ -	$ -	$ -	$ -
Net cash provided (used) - all activities	$ (236)	$ 5,412	$ 206	$ (119)
Cash and cash equivalents at beginning of year	861	(133)	677	(12)
Cash and cash equivalents at end of year	$ 625	$ 5,279	$ 883	$ (131)
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Per balance sheet classifications:				
Cash	$ 3	$ -	$ 1,000	$ -
Equity in common cash	730	5,502	-	-
Warrants outstanding	(108)	(223)	(117)	(131)
Cash and cash equivalents at end of year	$ 625	$ 5,279	$ 883	$ (131)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Cost of capital assets acquisitions financed by capital leases or contributed by other funds	$ -	$ -	$ 534	$ 183
Capital lease liabilities entered into during the year	-	-	(534)	(183)
Contributions receivable from other funds	-	-	-	-
Increase in contributed capital	-	-	-	-
Total noncash investing, capital, and financing activities	$ -	$ -	$ -	$ -

RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	STATE WATER POLLUTION CONTROL LOAN FUND	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992
$ 196	$ 2,996	$ 1,767	$ 1,548	$ (6,339)
-	78	-	8,707	11,236
-	(6,642)	(2,126)	(8,768)	(6,733)
-	78	-	(160)	(715)
-	-	(166)	(156)	1,635
-	-	-	(419)	52
-	-	-	2,465	1,781
-	-	(5,842)	(5,842)	(78,077)
193	(2,045)	(532)	(3,292)	3,783
(336)	(1,823)	923	351	9,844
-	-	501	514	(13)
2,937	64,547	-	67,449	(1,781)
$ 2,990	$ 57,189	$ (5,474)	$ 62,397	$ (65,327)
$ -	$ 32,324	$ -	$ 34,693	$ 3,989
-	-	-	(965)	(37,717)
-	-	56,529	56,529	66,858
-	-	-	25	25
(16)	(10)	-	(2,244)	(2,169)
-	-	15,990	15,990	13,375
$ (15)	$ 32,314	$ 72,519	$ 104,028	$ 44,360
$ -	$ (60)	$ -	$ (2,367)	$ (1,561)
-	-	-	(16)	(117)
-	-	-	(5,336)	(5,510)
-	-	-	6,019	4,314
-	-	-	-	(747)
$ -	$ (60)	$ -	$ (1,700)	$ (3,622)
$ -	$ -	$ (50,681)	$ (50,681)	$ -
-	2,726	2,126	4,852	2,604
$ -	$ 2,726	$ (48,555)	$ (45,829)	$ 2,604
$ 2,975	$ 92,168	$ 18,489	$ 118,895	$ (21,984)
1,952	21,219	2,419	26,982	48,967
$ 4,927	$ 113,387	$ 20,908	$ 145,877	$ 26,982
$ -	$ -	$ 840	$ 1,843	$ 1,005
4,928	113,780	20,068	145,009	27,300
(1)	(393)	-	(974)	(1,323)
$ 4,927	$ 113,387	$ 20,908	$ 145,877	$ 26,982
$ -	$ -	$ -	$ 717	$ 953
-	-	-	(717)	(953)
-	-	17,574	17,574	15,700
-	-	(17,574)	(17,574)	(15,700)
$ -	$ -	$ -	$ -	$ -

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STATE OF MICHIGAN
COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS - BY CLASSIFICATION

SEPTEMBER 30, 1993
(In Thousands)

	EXPENDABLE TRUST FUNDS	PENSION TRUST FUNDS	AGENCY FUNDS	TOTALS	
				SEPTEMBER 30, 1993	SEPTEMBER 30, 1992 (RESTATED)*
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 2,278	$ 200	$ 1,414	$ 3,892	$ 5,461
Equity in Common Cash	176,077	253,537	64,558	494,173	454,268
Taxes, interest, and penalties receivable	145,159	-	-	145,159	140,570
Amounts due from other funds	3,321	2	-	3,323	2,564
Amounts due from federal agencies	30,320	-	68	30,387	27,851
Amounts due from local units	27,352	57,341	-	84,693	73,210
Investments	448,666	4,202,317	222,401	4,873,384	4,347,577
Other current assets	35,551	250,876	16,108	302,536	348,463
Total Current Assets	868,724	4,764,273	304,549	5,937,547	5,399,964
Advances to other funds	29	-	-	29	-
Amounts due from local units	5,044	-	-	5,044	6,849
Investments	222,832	18,623,088	1,618,241	20,464,161	18,959,306
Property, plant, and equipment	-	12	-	12	14
Other noncurrent assets	12,205	-	572,342	584,547	515,620
Total Assets	$ 1,108,834	$ 23,387,373	$ 2,495,132	$ 26,991,340	$ 24,881,752
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 3,487	$ 12,188	$ 258	$ 15,933	$ 20,816
Accounts payable and other liabilities	105,898	311,115	314,258	731,270	591,472
Amounts due to other funds	10,174	-	-	10,174	6,872
Deferred revenue	22,021	-	-	22,021	20,406
Total Current Liabilities	141,580	323,303	314,515	779,398	639,565
Long-Term Liabilities:					
Advances from other funds	1,566	-	-	1,566	24,148
Deferred revenue	326	-	-	326	308
Other long-term liabilities	1,086	-	2,180,617	2,181,703	2,220,634
Total Liabilities	144,558	323,303	2,495,132	2,962,994	2,884,656
Fund Balances:					
Reserved	-	23,064,070	-	23,064,070	21,533,483
Unreserved	964,276	-	-	964,276	463,614
Total Fund Balances	964,276	23,064,070	-	24,028,346	21,997,097
Total Liabilities and Fund Balances	$ 1,108,834	$ 23,387,373	$ 2,495,132	$ 26,991,340	$ 24,881,752

* The prior year column was restated to reflect a change in accounting for escheat refunds.

STATE OF MICHIGAN
DESCRIPTIONS OF EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

MICHIGAN UNEMPLOYMENT COMPENSATION FUND

The Michigan Unemployment Compensation Fund is administered by the Michigan Employment Security Commission as authorized by P.A. 1 of 1936 (Extra Session). The fund receives contributions from employers and provides for the payment of benefits to eligible unemployed workers. Miscellaneous revenues include proceeds from additional F.U.T.A. taxes imposed on Michigan employers, which were used to repay advances from the federal government as provided under the Federal Unemployment Tax Act. The fund also makes payments under certain federally funded programs. Administrative costs of the fund are accounted for in the Michigan Employment Security Act - Administration Fund, which is a special revenue fund.

MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND

The Michigan Employment Security Act Contingent Fund, which is administered by the Michigan Employment Security Commission (MESC), was created by P.A. 535 of 1982 to receive a special temporary unemployment tax surcharge, known as the solvency tax. The fund also receives interest and penalty charges on late contributions which can be spent at the discretion of the commission. Public Act 224 of 1989 restricts use of solvency taxes for payment of interest on the Michigan Unemployment Compensation borrowings from the federal government.

SECOND INJURY FUND

Public Act 317 of 1969, as amended, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The fund is supervised by the administrator who is appointed by the fund's Board of Trustees. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers. Administrative costs are appropriated in the General Fund with financing provided by way of operating transfers.

STATE EMPLOYEES' DEFERRED COMPENSATION FUND II (401K)

The State Employees' Deferred Compensation Fund II (401k) was administratively established to account for a deferred compensation plan which permits State employees to defer a portion of their income until future years. A footnote to the General Purpose Financial Statements, titled "Deferred Compensation Plans," includes additional information on the plan.

STATE OF MICHIGAN
DESCRIPTIONS OF EXPENDABLE TRUST FUNDS (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993

TRANSPORTATION RELATED TRUST FUNDS

The transportation related trust funds column reflects the activities of four sub-funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, and the Highway Topics and Safety Program Fund. The Michigan Department of Transportation is recognized as the legal representative of the State including all governmental subdivisions in the administration of these programs. The financing accounted for in these funds consists primarily of local and federal matching funds with very little State funds. Financing provided prior to expenditures being incurred is recorded as deferred revenue and revenue is recognized as expenditures are made. As a result of this, the fund balances of these funds are usually zero.

The Special Federal Bridge Replacement Fund was established in conjunction with the Federal Highway Act of 1970, Section 144. This section was authorized by Congress to assist states in reconstructing or replacing roadway bridges which are found to be unsafe or obsolete.

The Federal County Road Fund was established in conjunction with the Federal Aid Highway Act of 1944. This act authorizes funds for projects on the secondary road system which are selected by the Michigan Department of Transportation in cooperation with county road commissions and the Bureau of Public Roads.

The Federal Urban Transportation System Fund was created to administer provisions of the Federal Highway Act of 1970, Section 106. The responsibility for administration of the act was placed in the Michigan Department of Transportation by Section 302(a) of Title 23, United States Code, and was authorized by section 7(m) of P.A. 286 of 1964. The principal objective of the fund is the improvement of urban highway systems in cooperation with local units of government.

The Highway Topics and Safety Program Fund was established in conjunction with the Federal Aid Highway Acts of 1968 and 1973. The objective of this program is to improve the safety and operating conditions of the existing street and road systems in urban areas.

MISCELLANEOUS TRUST ACCOUNTS FUND

This fund is used to report the transactions of several legally separated activities in which the State holds funds in a fiduciary manner. These activities include the following "funds": State Office Buildings Bond Redemption; Vietnam Veterans' Memorial Monument; Children's Institute Trust; Escheats; Gifts, Bequests, and Deposits Investment; Silicosis, Dust Disease, and Logging Industry Compensation; Agricultural College Fund - Morrill Act; Hospital Patients' Trust; Federal Housing Administration Mortgages Escrow; Self-Insurers' Security; Special Assessment Deferment; Urban Land Assembly Loan; Utility Consumer Representation, and Workers' Disability Compensation-Multiple Trust Funds.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS

SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN UNEMPLOYMENT COMPENSATION FUND	MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND	SECOND INJURY FUND
ASSETS			
Current Assets:			
Cash	$ -	$ -	$ 8
Equity in Common Cash	-	68,662	27,604
Taxes, interest, and penalties receivable	145,159	-	-
Amounts due from other funds	3,043	243	-
Amounts due from federal agencies	12,098	-	-
Amounts due from local units	23,001	-	-
Investments	421,225	-	-
Other current assets	18,402	-	348
Total Current Assets	622,927	68,905	27,960
Advances to other funds	-	-	-
Amounts due from local units	-	-	-
Investments	-	-	-
Other noncurrent assets	-	-	-
Total Assets	$ 622,927	$ 68,905	$ 27,960
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ -	$ 1	$ 527
Accounts payable and other liabilities	59,377	608	5,382
Amounts due to other funds	243	-	-
Deferred revenue	11	-	7,208
Total Current Liabilities	59,631	610	13,116
Long-Term Liabilities:			
Advances from other funds	-	-	-
Deferred revenue	-	-	-
Other long-term liabilities	-	-	-
Total Liabilities	59,631	610	13,116
Fund Balances:			
Unreserved	563,296	68,295	14,843
Total Fund Balances	563,296	68,295	14,843
Total Liabilities and Fund Balances	$ 622,927	$ 68,905	$ 27,960

STATE EMPLOYEES' DEFERRED COMPENSATION FUND II (401K)	TRANSPORTATION RELATED TRUST FUNDS	MISCELLANEOUS TRUST ACCOUNTS FUND	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992 (RESTATED)*
$ -	$ 67	$ 2,203	$ 2,278	$ 2,146
7,984	13,936	57,891	176,077	166,102
-	-	-	145,159	140,570
-	-	35	3,321	2,564
-	18,222	-	30,320	27,382
-	2,593	1,758	27,352	23,850
-	-	27,442	448,666	230,085
2,568	-	14,233	35,551	32,125
10,552	34,818	103,562	868,724	624,824
-	-	29	29	-
-	-	5,044	5,044	6,849
222,111	-	721	222,832	156,333
9,734	-	2,471	12,205	9,797
$ 242,397	$ 34,818	$ 111,827	$ 1,108,834	$ 797,804
$ 50	$ 1,927	$ 981	$ 3,487	$ 5,328
1	19,849	20,682	105,898	300,929
-	1,348	8,584	10,174	3,896
-	11,694	3,108	22,021	20,406
51	34,818	33,354	141,580	330,559
-	-	1,566	1,566	1,692
-	-	326	326	308
-	-	1,086	1,086	1,630
51	34,818	36,333	144,558	334,189
242,346	-	75,495	964,276	463,614
242,346	-	75,495	964,276	463,614
$ 242,397	$ 34,818	$ 111,827	$ 1,108,834	$ 797,804

* The prior year column was restated to reflect a change in accounting for escheat refunds.

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	MICHIGAN UNEMPLOYMENT COMPENSATION FUND	MICHIGAN EMPLOYMENT SECURITY ACT CONTINGENT FUND	SECOND INJURY FUND
REVENUES			
Taxes	$ 1,214,062	$ 86	$ -
From federal agencies	662,366	-	-
From local agencies	-	-	-
Miscellaneous	265,701	10,399	30,418
Total Revenues	2,142,130	10,486	30,418
EXPENDITURES			
Current:			
General government	-	-	-
Education	-	-	-
Health and welfare	-	-	-
Labor, commerce, and regulatory	1,714,238	200	25,214
Mental health	-	-	-
Transportation	-	-	-
Total Expenditures	1,714,238	200	25,214
Excess of Revenues over (under) Expenditures	427,891	10,286	5,204
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	100	-
Operating transfers out	-	(3,454)	(4,522)
Total Other Financing Sources (Uses)	-	(3,354)	(4,522)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	427,891	6,932	683
Fund Balances - Beginning of fiscal year - as previously reported	135,405	61,363	14,161
Effect of accounting changes	-	-	-
Fund Balances - Beginning of fiscal year - restated	135,405	61,363	14,161
Fund Balances - End of fiscal year	$ 563,296	$ 68,295	$ 14,843

			TOTALS FISCAL YEARS ENDED	
STATE EMPLOYEES' DEFERRED COMPENSATION FUND II (401K)	TRANSPORTATION RELATED TRUST FUNDS	MISCELLANEOUS TRUST ACCOUNTS FUND	**SEPTEMBER 30, 1993**	SEPTEMBER 30, 1992 (RESTATED)*
$ -	$ -	$ -	**$ 1,214,149**	$ 1,194,675
-	95,391	-	**757,757**	750,782
-	18,901	-	**18,901**	17,127
74,522	371	144,086	**525,498**	426,013
74,522	114,663	144,086	**2,516,305**	2,388,597
4,667	-	41,525	**46,192**	50,486
-	-	15	**15**	13
-	-	609	**609**	544
-	-	14,715	**1,754,367**	2,071,510
-	-	6,080	**6,080**	6,908
-	120,352	-	**120,352**	102,252
4,667	120,352	62,943	**1,927,614**	2,231,713
69,855	(5,689)	81,143	**588,691**	156,884
-	5,701	81	**5,882**	5,856
(810)	(12)	(85,113)	**(93,911)**	(63,576)
(810)	5,689	(85,032)	**(88,029)**	(57,720)
69,045	-	(3,889)	**500,661**	99,164
173,301	-	85,371	**469,602**	373,797
-		(5,988)	**(5,988)**	(9,348)
173,301	-	79,384	**463,614**	364,450
$ 242,346	$ -	$ 75,495	**$ 964,276**	$ 463,614

* The prior year's column was restated to reflect a change in accounting for escheat refunds.

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STATE OF MICHIGAN
DESCRIPTIONS OF PENSION TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993

Additional Pension Trust Fund information regarding plan membership, benefits and funding requirements may be found in the footnote to the financial statements entitled "Pension Benefits and Other Postemployment Benefits."

LEGISLATIVE RETIREMENT FUND

The Legislative Retirement System was created by P.A. 261 of 1957 to provide retirement allowances, survivors' allowances, and other benefits for members of the Legislature and the presiding officers and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partly finance the fund. In addition, legislative appropriations, interest on fund investments, and court fees complete the financing.

STATE POLICE RETIREMENT FUND

This fund was created by P.A. 251 of 1935 which was superseded by P.A. 182 of 1986 to provide retirement benefits for State Police officers. It is administered by a nine member board under the direction of a chairperson elected from the membership. Financing is provided by investment income and by an annual legislative appropriation.

STATE EMPLOYEES' RETIREMENT FUND

This fund was established by P.A. 240 of 1943 and is administered by a nine member board under the direction of an Executive Secretary. Public Act 216 of 1974 eliminated the requirement for member contributions and provided for financing by legislative appropriation and investment earnings.

PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND

In accordance with P.A. 300 of 1980, on October 1, 1981 the Public School Employees' Chapter I Retirement Fund was merged with the Public School Employees' Chapter II Retirement Fund to establish the Public School Employees' Retirement Fund. The two original funds were created by Public Acts 136 of 1945 and 259 of 1974, respectively. Administrative policy is governed by an eight member board.

Financing for the fund is provided by both annual appropriations by the Legislature and employer contributions. Under P.A. 91 of 1985, additional amounts may be contributed by employees to a "member investment plan."

JUDGES' RETIREMENT FUND

Public Act 234 of 1992 authorized the merger of the Probate Judges' Retirement Fund into the Judges' Retirement Fund by requiring the consolidation of all assets, rights and obligations under the former Judges' and Probate Judges' Retirement Funds. This was accounted for as an equity transfer from the Probate Judges' Retirement Fund to the Judges' Retirement Fund as of October 1, 1992. The consolidated fund is administered by the Judges' Retirement Board, with the director of the Office of Retirement Systems as the executive secretary. Financing is from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations.

MUNICIPAL EMPLOYEES' RETIREMENT FUND

The fund and its governing board were authorized by P.A. 135 of 1945 as amended. Revenues are provided to the fund from participating municipalities' and employees' contributions and investment income. Expenses are recorded for benefit payments, contribution refunds, and administrative charges. The State of Michigan's responsibility is that of due care required of an administrator. It has no legal or moral obligation to provide funding requirements, as that is the responsibility of the participating municipalities.

STATE OF MICHIGAN
COMBINING BALANCE SHEET
PENSION TRUST FUNDS
SEPTEMBER 30, 1993
(In Thousands)

	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND	STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
ASSETS				
Current Assets:				
Cash	$ -	$ 1	$ 5	$ -
Equity in Common Cash	7,592	5,992	62,548	112,101
Amounts due from other funds	-	-	2	-
Amounts due from local units	89	-	-	47,558
Investments	-	85,070	848,346	3,017,695
Other current assets	676	4,103	38,835	138,107
Total Current Assets	8,357	95,166	949,735	3,315,461
Investments	72,087	398,469	3,727,999	12,774,122
Property, plant, and equipment:				
Buildings and equipment	-	-	6	18
Allowance for depreciation	-	-	(3)	(9)
Total property, plant, and equipment	-	-	3	9
Total Assets	$ 80,444	$ 493,635	$ 4,677,737	$ 16,089,593
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ 30	$ 123	$ 1,642	$ 10,041
Accounts payable and other liabilities	299	2,612	24,687	121,739
Total Current Liabilities	329	2,735	26,329	131,779
Total Liabilities	329	2,735	26,329	131,779
Fund Balances:				
Reserved for Pension Benefits	80,115	490,900	4,651,409	15,957,814
Total Fund Balances	80,115	490,900	4,651,409	15,957,814
Total Liabilities and Fund Balances	$ 80,444	$ 493,635	$ 4,677,737	$ 16,089,593

JUDGES' RETIREMENT FUND	MUNICIPAL EMPLOYEES' RETIREMENT FUND	TOTALS SEPTEMBER 30, 1993	TOTALS SEPTEMBER 30, 1992
$ 16	$ 178	**$ 200**	$ 10
2,440	62,865	**253,537**	269,235
-	-	**2**	-
83	9,611	**57,341**	49,360
33,535	217,672	**4,202,317**	3,890,682
1,549	67,606	**250,876**	297,213
37,622	357,932	**4,764,273**	4,506,500
139,200	1,511,210	**18,623,088**	17,137,475
-	-	**24**	24
-	-	**(12)**	(10)
-	-	**12**	14
$ 176,822	$ 1,869,142	**$ 23,387,373**	$ 21,643,990
$ 62	$ 291	**$ 12,188**	$ 15,340
917	160,861	**311,115**	95,168
979	161,152	**323,303**	110,507
979	161,152	**323,303**	110,507
175,843	1,707,990	**23,064,070**	21,533,483
175,843	1,707,990	**23,064,070**	21,533,483
$ 176,822	$ 1,869,142	**$ 23,387,373**	$ 21,643,990

STATE OF MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
PENSION TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND	STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND
OPERATING REVENUES:				
Contributions:				
From members	$ 611	$ 30	$ 4,069	$ 242,073
From employers	3,031	31,183	371,902	760,375
Total contributions from members and employers	3,642	31,213	375,971	1,002,448
Investment revenue (net)	7,787	35,656	337,276	1,165,741
Miscellaneous:				
Court fees for administration and annuities	1,058	-	-	-
Other	-	-	12	17
Total miscellaneous	1,058	-	12	17
Total Operating Revenues	12,487	66,869	713,259	2,168,206
OPERATING EXPENSES:				
Salaries, wages, and other administrative	555	357	3,412	33,769
Depreciation	-	-	1	2
Benefits, insurance, and refunds:				
Benefits paid to participants or beneficiaries	3,023	29,642	260,341	879,274
Medical, dental, and life insurance for retirants	1,821	10,807	134,217	215,169
Refunds	22	2	99	3,941
Total benefits, insurance, and refunds	4,866	40,450	394,657	1,098,383
Other operating expenses	-	80	786	2,637
Total Operating Expenses	5,421	40,888	398,855	1,134,791
Operating Income (Loss)	7,066	25,981	314,404	1,033,415
OPERATING TRANSFERS:				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Operating Transfers In (Out)	-	-	-	-
Net Income (Loss)	7,066	25,981	314,404	1,033,415
Fund Balances - Beginning of fiscal year	73,049	464,919	4,337,005	14,924,399
Equity transfers to other funds	-	-	-	-
Equity transfers from other funds	-	-	-	-
Fund Balances - End of fiscal year	$ 80,115	$ 490,900	$ 4,651,409	$ 15,957,814

			TOTALS	
			FISCAL YEARS ENDED	
PROBATE JUDGES' RETIREMENT FUND	JUDGES' RETIREMENT FUND	MUNICIPAL EMPLOYEES' RETIREMENT FUND	SEPTEMBER 30, 1993	SEPTEMBER 30, 1992
$ -	$ 2,833	$ 21,799	$ 271,414	$ 233,851
-	1,588	64,515	1,232,596	1,104,110
-	4,421	86,314	1,504,009	1,337,961
-	12,426	175,218	1,734,105	1,253,951
-	6,102	-	7,160	7,485
-	-	-	29	5
-	6,102	-	7,189	7,490
-	22,949	261,532	3,245,303	2,599,402
-	400	5,281	43,774	26,033
-	-	-	2	2
-	10,599	74,937	1,257,815	1,124,826
-	134	-	362,148	321,958
-	26	43,359	47,448	6,697
-	10,759	118,295	1,667,411	1,453,482
-	25	-	3,528	5,300
-	11,184	123,577	1,714,715	1,484,817
-	11,766	137,956	1,530,588	1,114,586
-	-	-	-	173
-	-	-	-	(6,233)
-	-	-	-	(6,059)
-	11,766	137,956	1,530,588	1,108,526
17,881	146,196	1,570,034	21,533,483	20,424,956
(17,881)	-	-	(17,881)	-
-	17,881	-	17,881	-
$ -	$ 175,843	$ 1,707,990	$ 23,064,070	$ 21,533,483

METROPOLITAN PLANNING FUND

This fund was established by the Federal Highway Act of 1973, Sections 112 and 134, to account for Federal "pass through" funds that reimburse local regional planning agencies for operating expenses. Local money is advanced to the fund, approximately 80% of which is reimbursed to the local unit by the federal government. The financing accounted for in this fund consists of federal and local money, and no State funds are involved.

FINANCIAL INSTITUTIONS DEPOSITS FUND

This fund was administratively created as of October 1, 1988. It is used to account for security deposits held by the State Treasurer on behalf of banks which operate trust departments. Deposits are in the form of securities or other acceptable assets.

STATE EMPLOYEES' DEFERRED COMPENSATION FUND I (457)

The State Employees' Deferred Compensation Fund I (457) was administratively established to account for a deferred compensation plan which permits all State employees to defer a portion of their income until future years. The plan is administered by the Department of Civil Service. Employee contributions to the fund are recognized as increases to assets and liabilities. Benefits paid and administrative costs decrease assets and liabilities. Administrative costs are appropriated in the General Fund and are reimbursed by this fund. A footnote to the General Purpose Financial Statements, titled "Deferred Compensation Plans," includes additional information on the plan.

DEPARTMENT OF NATURAL RESOURCES DEPOSITS FUND

This fund was initially authorized by P.A. 641 of 1978, as amended, and P.A. 64 of 1979 to account for cash bonds posted by applicants desiring licenses to operate hazardous and solid waste disposal areas. Because the "Scrap Tire Regulatory Fund" created by P.A. 33 of 1992 has similar provisions, both of these activities are accounted for in this fund. In accordance with P.A. 641 of 1978, as amended, interest earnings up to 6% are credited to the applicant's account. This act also specifies the circumstances under which the director of the Department of Natural Resources is authorized to use the deposits to close and maintain a facility or return the deposit upon the operator's satisfactory closure and maintenance of the facility.

INSURANCE CARRIER DEPOSITS FUND

This fund was administratively established to account for deposits held by the State Treasurer on behalf of insurance carriers who operate in this State and are required by P.A. 218 of 1956, as amended, to provide such deposits. Additional deposits, related to insurance companies in receivership, are held under the control of the Insurance Bureau of the Department of Commerce. All deposits are in the form of various securities and other acceptable assets.

STATE TREASURER'S ESCROW AND PAYING AGENT FUND

This fund was administratively created to account for investments held in escrow by the State Treasurer as fiscal agent for hospitals which have defeased Michigan State Hospital Finance Authority (MSHFA) bonds. During the 1992-93 fiscal year the amounts held in escrow by the State Treasurer as fiscal agent for MSHFA were transferred to an outside trustee. Therefore, the fund now includes only escrow and paying agent activities performed by the State Treasurer on various MSHFA bonds and bonds of the State Building Authority.

STATE OF MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

METROPOLITAN PLANNING FUND	BALANCE OCTOBER 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1993
ASSETS				
Current Assets:				
Equity in Common Cash	$ 168	$ 4,291	$ 4,287	$ 172
Amounts due from federal agencies	468	67	468	67
Other current assets	2	-	2	-
Total Assets	$ 637	$ 4,358	$ 4,757	$ 239
LIABILITIES				
Current Liabilities:				
Warrants outstanding	$ 17	$ 110	$ -	$ 126
Accounts payable and other liabilities	620	3,887	4,395	113
Total Liabilities	$ 637	$ 3,997	$ 4,395	$ 239
FINANCIAL INSTITUTIONS DEPOSITS FUND				
ASSETS				
Other noncurrent assets	$ 19,040	$ 1,600	$ 1,500	$ 19,140
Total Assets	$ 19,040	$ 1,600	$ 1,500	$ 19,140
LIABILITIES				
Long-Term Liabilities:				
Other long-term liabilities	$ 19,040	$ 1,600	$ 1,500	$ 19,140
Total Liabilities	$ 19,040	$ 1,600	$ 1,500	$ 19,140
STATE EMPLOYEES' DEFERRED COMPENSATION FUND I (457)				
ASSETS				
Current Assets:				
Equity in Common Cash	$ 12,429	$ 159,056	$ 115,628	$ 55,857
Other current assets	754	752	754	752
Total Current Assets	13,183	159,808	116,382	56,609
Investments	1,191,829	144,929	76,978	1,259,779
Total Assets	$ 1,205,012	$ 304,737	$ 193,361	$ 1,316,388
LIABILITIES				
Current Liabilities:				
Warrants outstanding	$ 107	$ -	$ 24	$ 82
Accounts payable and other liabilities	2	-	1	1
Total Current Liabilities	109	-	25	84
Long-Term Liabilities:				
Other long-term liabilities	1,204,903	180,972	69,571	1,316,304
Total Liabilities	$ 1,205,012	$ 180,972	$ 69,596	$ 1,316,388

Continued on next page.

STATE OF MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

DEPARTMENT OF NATURAL RESOURCES DEPOSITS FUND	BALANCE OCTOBER 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1993
ASSETS				
Current Assets:				
Cash	$ 3	$ -	$ 3	$ -
Equity in Common Cash	1,591	241	141	1,691
Total Assets	$ 1,594	$ 241	$ 144	$ 1,691
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	$ 1,594	$ 237	$ 140	$ 1,691
Total Liabilities	$ 1,594	$ 237	$ 140	$ 1,691

INSURANCE CARRIER DEPOSITS FUND	BALANCE OCTOBER 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1993
ASSETS				
Current Assets:				
Equity in Common Cash	$ 4,743	$ 51,233	$ 49,137	$ 6,839
Total Current Assets	4,743	51,233	49,137	6,839
Other noncurrent assets	486,782	132,715	66,296	553,202
Total Assets	$ 491,525	$ 183,949	$ 115,433	$ 560,041
LIABILITIES				
Current Liabilities:				
Warrants outstanding	$ 24	$ 24	$ -	$ 49
Accounts payable and other liabilities	269	19,263	19,212	320
Total Current Liabilities	293	19,287	19,212	368
Long-Term Liabilities:				
Other long-term liabilities	491,232	164,889	96,449	559,673
Total Liabilities	$ 491,525	$ 184,176	$ 115,661	$ 560,041

STATE TREASURER'S ESCROW AND PAYING AGENT FUND	BALANCE OCTOBER 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1993
ASSETS				
Current Assets:				
Cash	$ 3,303	$ 590,586	$ 592,475	$ 1,414
Investments	226,810	254,918	259,328	222,401
Other current assets	18,369	58,535	61,548	15,356
Total Current Assets	248,482	904,040	913,350	239,171
Investments	473,669	61,192	176,398	358,462
Total Assets	$ 722,151	$ 965,232	$ 1,089,749	$ 597,633
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	$ 192,890	$ 638,952	$ 519,710	$ 312,133
Amounts due to other funds	2,976	-	2,976	-
Total Current Liabilities	195,866	638,952	522,685	312,133
Long-Term Liabilities:				
Advances from other funds	22,456	-	22,456	-
Other long-term liabilities	503,829	50,510	268,839	285,500
Total Liabilities	$ 722,151	$ 689,463	$ 813,980	$ 597,633

Continued on next page.

STATE OF MICHIGAN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

TOTALS - ALL AGENCY FUNDS	BALANCE OCTOBER 1, 1992	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 1993
ASSETS				
Current Assets:				
Cash	$ 3,305	$ 590,586	$ 592,478	$ 1,414
Equity in Common Cash	18,931	214,821	169,193	64,558
Amounts due from federal agencies	469	68	469	68
Investments	226,810	254,918	259,328	222,401
Other current assets	19,124	59,287	62,304	16,108
Total Current Assets	268,639	1,119,680	1,083,770	304,549
Investments	1,665,497	206,121	253,377	1,618,241
Other noncurrent assets	505,822	134,316	67,796	572,342
Total Assets	$ 2,439,959	$ 1,460,117	$ 1,404,943	$ 2,495,132
LIABILITIES				
Current Liabilities:				
Warrants outstanding	$ 148	$ 134	$ 24	$ 258
Accounts payable and other liabilities	195,375	662,340	543,457	314,258
Amounts due to other funds	2,976	-	2,976	-
Total Current Liabilities	198,499	662,473	546,457	314,515
Long-Term Liabilities:				
Advances from other funds	22,456	-	22,456	-
Other long-term liabilities	2,219,004	397,972	436,359	2,180,617
Total Liabilities	$ 2,439,959	$ 1,060,445	$ 1,005,271	$ 2,495,132

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STATE OF MICHIGAN

SCHEDULE OF GENERAL FIXED ASSETS ACCOUNT GROUP BY FUNCTION

SEPTEMBER 30, 1993

(In Thousands)

FUNCTION	LAND	BUILDINGS	EQUIPMENT	TOTAL
General government	$ 31,484	$ 337,058	$ 87,226	$ 455,767
Education	679	12,436	11,976	25,091
Health and welfare	1,879	139,555	95,481	236,916
Public safety and corrections	42,153	1,051,399	114,208	1,207,761
Conservation, recreation, and agriculture	132,518	56,912	73,013	262,443
Labor, commerce, and regulatory	711	18,633	52,905	72,249
Mental health	21,313	254,454	27,870	303,636
Transportation	5,649	71,433	102,665	179,747
Total general fixed assets allocated to functions	$236,387	$1,941,879	$565,344	2,743,609
Construction in progress				38,899
Total general fixed assets				$2,782,507

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

FISCAL YEAR ENDED SEPTEMBER 30, 1993

(In Thousands)

FUNCTION	BALANCE OCTOBER 1, 1992	ADDITIONS	DELETIONS	ADJUSTMENTS AND RECLASSIFICATIONS	BALANCE SEPTEMBER 30, 1993
General government	$ 393,789	$ 10,956	$10,159	$ 61,181	$ 455,767
Education	24,354	619	876	994	25,091
Health and welfare	201,866	23,704	11,991	23,337	236,916
Public safety and corrections	1,193,603	17,318	5,761	2,600	1,207,761
Conservation, recreation, and agriculture	257,073	9,595	4,628	404	262,443
Labor, commerce, and regulatory	70,533	8,860	3,003	(4,140)	72,249
Mental health	319,308	7,868	30,606	7,067	303,636
Transportation	162,861	16,473	8,074	8,487	179,747
Total general fixed assets allocated to functions	2,623,386	95,391	75,098	99,929	2,743,609
Construction in progress	99,261	26,351	--	(86,713)	38,899
Total general fixed assets	$2,722,647	$121,742	$75,098	$ 13,216	$2,782,507

STATE OF MICHIGAN
COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

SOURCE	TOTAL	GENERAL FUND	SPECIAL REVENUE FUNDS
TAXES			
Sales tax	$ 2,905,665	$ 1,118,315	$ 1,787,350
Personal income tax	5,179,972	5,179,972	-
Single business tax	1,791,128	1,791,128	-
Use tax	529,532	529,532	-
Cigarette tax	243,648	224,156	19,492
Beer and wine tax	48,779	48,779	-
Liquor tax	66,460	44,563	21,897
Horse race wagering tax	18,904	18,904	-
Intangibles tax	110,556	110,556	-
Inheritance tax	163,338	163,338	-
Telephone and telegraph company tax	149,613	149,613	-
Insurance company taxes	188,196	188,196	-
Motor vehicle weight tax	462,458	-	462,458
Gasoline tax	708,346	-	708,346
Aviation fuel tax	7,361	-	7,361
Diesel fuel tax	66,651	-	66,651
Gas and oil severance tax	40,069	40,069	-
Industrial facilities tax	52,103	-	52,103
Penalities and interest - various taxes	109,672	109,672	-
Convention hotel accomodation tax	10,303	10,303	-
Airport parking tax	8,590	8,590	-
Other taxes	4,961	3,892	1,069
	12,866,305	9,739,579	3,126,726
FROM FEDERAL AGENCIES			
Department of Health and Human Services	4,129,713	4,129,558	154
Department of Education	440,480	383,265	57,215
Department of Agriculture	327,657	327,629	28
Department of Labor	320,048	168,057	151,991
Department of Housing and Urban Development	28,743	28,743	-
Environmental Protection Agency	23,035	23,035	-
Department of Energy	13,331	13,327	4
Department of Transportation	457,810	8,997	448,813
Department of Interior	14,591	12,514	2,077
Department of Defense	20,863	20,863	-
Department of Justice	19,589	19,589	-
Other federal agencies	35,715	34,075	1,640
	5,831,575	5,169,652	661,922
FROM LOCAL AGENCIES			
Counties	91,193	69,233	21,960
Cities, villages, and townships	19,436	18,828	608
Colleges and universities	7,256	7,256	-
School districts	9,609	9,609	-
Multi-level governmental units	7,253	1,904	5,349
County contributions for hospital services	286,116	286,116	-
Other local agencies	14,208	5,945	8,263
	435,072	398,892	36,180
FROM HOSPITALS			
Contributions for medical services	451,910	451,910	-
	451,910	451,910	-

Continued on next page.

STATE OF MICHIGAN

COMBINED SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS (Continued)

FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

SOURCE	TOTAL	GENERAL FUND	SPECIAL REVENUE FUNDS
FROM SERVICES			
Charges for furnishing vehicle driver records	$ 27,275	$ 27,275	$ -
Revenue for patient, ward, and inmate care	59,021	59,021	-
Other services	24,248	23,966	282
	110,543	110,262	282
FROM LICENSES AND PERMITS			
Liquor retailers', manufacturers', and wholesalers' licenses	11,638	11,638	-
Motor vehicle operators' and chauffeurs' licenses	34,096	20,947	13,150
Examination fees - financial institutions and insurance industry	12,543	12,543	-
Concession and privilege fees - State parks	13,747	13,747	-
Motor vehicle related	75,581	11,624	63,957
Hunting, fishing, and trapping licenses	38,450	-	38,450
Public utility assessment fees	17,998	17,998	-
Department of Commerce licenses and permits	30,858	30,858	-
Department of Agriculture licenses and permits	2,441	2,441	-
Auto repair facilities and mechanics licenses and fees	4,298	4,298	-
Corporation franchise fees	9,456	9,456	-
Other licenses and permits	51,375	24,107	27,268
	302,481	159,656	142,824
MISCELLANEOUS			
Income from investments	38,301	2,675	35,626
Various fines, fees, and assessments	41,850	32,508	9,342
Court fines, fees, and assessments	19,806	19,799	6
Oil and gas royalties, fees, assignments, and rentals	42,426	6,414	36,012
Sale of forest products on tax reverted land	9,902	9,902	-
Child support	164,454	164,454	-
Sale of land	3,063	537	2,525
Third party	9,439	9,439	-
State agency office rentals	5,058	4,090	968
Other	185,210	162,557	22,653
	519,508	412,375	107,133
Total Revenues	20,517,394	16,442,327	4,075,067
OTHER FINANCING SOURCES			
Proceeds from bond issues and bond anticipation notes	14,179	-	14,179
Capital lease acquisitions	18,304	18,191	114
Operating transfers in:			
From general and special revenue funds - State funds	2,197,944	228,187	1,969,757
From Liquor Purchase Revolving Fund	88,703	88,703	-
From State Lottery Fund	432,105	4,466	427,640
From Escheats Fund	69,206	69,206	-
From Gifts, Bequests, and Deposits Investment Fund	12,255	12,225	30
From State Building Authority	45,029	1,928	43,100
From Michigan Strategic Fund	9,567	9,567	-
From Mackinac Bridge Authority	7,500	-	7,500
From other funds	20,758	16,169	4,589
Total Other Financing Sources	2,915,549	448,641	2,466,908
Total Revenue and Other Financing Sources (GAAP Basis)	$ 23,432,944	$ 16,890,968	$ 6,541,975

STATE OF MICHIGAN
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

SOURCE	TOTAL	GENERAL PURPOSE	RESTRICTED REVENUES
TAXES			
Sales tax	$ 1,118,315	$ 672,207	$ 446,108
Personal income tax	5,179,972	4,065,744	1,114,227
Single business tax	1,791,128	1,504,363	286,765
Use tax	529,532	524,583	4,949
Cigarette tax	224,156	185,172	38,984
Beer and wine tax	48,779	48,779	-
Liquor tax	44,563	22,665	21,898
Horse race wagering tax	18,904	3,226	15,678
Intangibles tax	110,556	110,490	67
Inheritance tax	163,338	163,338	-
Telephone and telegraph company tax	149,613	149,613	-
Insurance company taxes	188,196	187,946	249
Gas and oil severance tax	40,069	40,069	-
Penalties and interest - various taxes	109,672	106,364	3,309
Convention hotel accommodation tax	10,303	-	10,303
Airport parking tax	8,590	-	8,590
Other taxes	3,892	3,606	286
	9,739,579	7,788,166	1,951,413
FROM FEDERAL AGENCIES			
Department of Health and Human Services	4,129,558	24,029	4,105,529
Department of Education	383,265	403	382,862
Department of Agriculture	327,629	492	327,137
Department of Labor	168,057	862	167,195
Department of Housing and Urban Development	28,743	-	28,743
Environmental Protection Agency	23,035	-	23,035
Department of Energy	13,327	47	13,280
Department of Transportation	8,997	3	8,994
Department of Interior	12,514	31	12,482
Department of Defense	20,863	6	20,858
Department of Justice	19,589	81	19,507
Other federal agencies	34,075	12,718	21,357
	5,169,652	38,673	5,130,979
FROM LOCAL AGENCIES			
Counties	69,233	4,015	65,219
Cities, villages, and townships	18,828	7	18,821
Colleges and universities	7,256	1	7,255
School districts	9,609	363	9,246
Multi-level governmental units	1,904	-	1,904
County contributions for hospital services	286,116	-	286,116
Other local agencies	5,945	47	5,898
	398,892	4,432	394,460
FROM HOSPITALS			
Contributions for medical services	451,910	-	451,910
	451,910	-	451,910
FROM SERVICES			
Charges for furnishing vehicle driver records	27,275	3,297	23,978
Revenue for patient, ward, and inmate care	59,021	1	59,020
Other services	23,966	1,195	22,771
	110,262	4,493	105,769

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STATE OF MICHIGAN
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
GENERAL FUND (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

SOURCE	TOTAL	GENERAL PURPOSE	RESTRICTED REVENUES
FROM LICENSES AND PERMITS			
Liquor retailers', manufacturers', and wholesalers' licenses	$ 11,638	$ -	$ 11,638
Motor vehicle operators' and chauffeurs' licenses	20,947	3,422	17,525
Examination fees - financial institutions and insurance industry	12,543	-	12,543
Concession and privilege fees - State parks	13,747	-	13,747
Motor vehicle related	11,624	27	11,597
Public utility assessment fees	17,998	-	17,998
Department of Commerce licenses and permits	30,858	15,529	15,329
Department of Agriculture licenses and permits	2,441	277	2,164
Auto repair facilities and mechanics licenses and fees	4,298	469	3,829
Corporation franchise fees	9,456	163	9,293
Other licenses and permits	24,107	2,870	21,237
	159,656	22,757	136,900
MISCELLANEOUS			
Income from investments	2,675	1,124	1,551
Various fines, fees, and assessments	32,508	5,275	27,233
Court fines, fees, and assessments	19,799	6,863	12,936
Oil and gas royalties, fees, assignments, and rentals	6,414	-	6,414
Sale of forest products on tax reverted land	9,902	-	9,902
Child support	164,454	-	164,454
Sale of land	537	113	424
Third party	9,439	-	9,439
State agency office rentals	4,090	-	4,090
Other	162,557	27,449	135,108
	412,375	40,824	371,551
Total Revenues	16,442,327	7,899,345	8,542,983
OTHER FINANCING SOURCES			
Capital lease acquisitions	18,191	18,191	-
Operating transfers in:			
From special revenue funds - State funds	228,187	30,375	197,812
From Liquor Purchase Revolving Fund	88,703	73,254	15,448
From State Lottery Fund	4,466	4,466	-
From Escheats Fund	69,206	68,939	267
From Gifts, Bequests, and Deposits Investment Fund	12,225	-	12,225
From State Building Authority	1,928	1,845	84
From Michigan Strategic Fund	9,567	-	9,567
From other funds	16,169	4,981	11,188
Total Other Financing Sources	448,641	202,050	246,591
Total Revenue and Other Financing Sources (GAAP Basis)	16,890,968	8,101,395	8,789,573
BUDGETARY BASIS ADJUSTMENTS			
Capital lease acquisitions	(18,191)	(18,191)	-
Total Revenue and Other Financing Sources (budgetary basis)	$ 16,872,778	$ 8,083,204	$ 8,789,573

STATE OF MICHIGAN
SOURCE AND DISPOSITION OF GENERAL FUND AUTHORIZATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 1993
(In Thousands)

BRANCH AND DEPARTMENT	CURRENT LEGISLATIVE APPROPRIATION	UNEXPENDED BALANCES FROM PRIOR YEARS	RESTRICTED REVENUE ADDITIONS	BUDGETARY TRANSFERS IN (OUT)*	GROSS AUTHORIZATIONS
Legislative Branch	$ 117,413	$ 13,728	$ 5,255	$ 192	$ 136,588
Judicial Branch	119,707	3,886	43,093	1,298	167,984
Executive Branch:					
Executive Office	4,355	21	-	-	4,376
Management and Budget	478,906	32,950	91,752	(6,166)	597,441
Attorney General	25,023	8	9,189	1,168	35,388
Civil Rights	10,929	609	1,456	-	12,993
Civil Service	13,423	537	8,916	1,684	24,560
State	13,275	5,965	113,505	-	132,745
Treasury	111,734	424,474	1,935,262	(880)	2,470,589
Education	1,231,075	4,906	665,793	-	1,901,774
Grants to Colleges and Universities	1,444,723	8,644	580	(3)	1,453,944
Public Health	139,880	7,151	323,414	846	471,291
Mental Health	892,854	50,342	479,705	3,539	1,426,441
Social Services	2,072,779	20,217	4,455,332	(11)	6,548,318
Corrections	959,926	58,396	18,496	751	1,037,568
Military Affairs	30,931	1,512	33,711	-	66,155
State Police	202,749	22,263	50,727	3,166	278,905
Commerce	60,451	18,974	128,461	(2,419)	205,468
Labor	31,907	16,487	135,129	(1,810)	181,713
Natural Resources	93,796	38,760	177,582	-	310,137
Agriculture	26,376	5,343	25,030	351	57,100
Michigan Jobs Commission	-	-	86,640	1,293	87,933
Items Not Assigned to Departments	-	3,006	547	(3,000)	553
TOTAL	$ 8,082,212	$ 738,179	$ 8,789,573	$ -	$ 17,609,964

*Unused spending authority which does not lapse has been broken into two categories:

Timing differences are subtracted from Gross Authorizations in order to show an annualized Budget that is comparable to the current year's Actual uses. Timing differences consists of unused authorizations for multiyear projects, such as capital outlay and work projects, and also restricted revenues which were not available for expenditure in the current year because they had not been appropriated.

Restricted revenue balances forward in the Variances category represents restricted revenue carry-overs that could have been used in the current period but were not.

In prior years, executive order reductions were reported in a manner which resulted in increased lapses, rather than in authorization reductions. Beginning this fiscal year, executive order reductions are being recorded as budgetary authorization reductions.

NOTE: This schedule was prepared on the Statutory/Budgetary basis.

	"BUDGET"	"ACTUAL"		"FAVORABLE VARIANCES"		"UNFAVORABLE VARIANCES"
LESS: TIMING DIFFERENCES*	AS PRESENTED IN STATEMENTS	EXPENDED AND TRANSFERRED	ENCUMBERED BALANCES FORWARD	RESTRICTED REVENUE BALANCES FORWARD*	LAPSED	OVER EXPENDED
$ 7,068	$ 129,520	$ 121,125	$ 1,933	$ 2,225	$ 4,466	$ 229
2.543	165,441	163,416	1,974	-	52	-
-	4,376	4,329	1	-	46	-
22,976	574,465	560,832	2,415	7,893	3,325	-
261	35,128	35,003	8	-	117	-
-	12,993	12,494	224	-	276	-
-	24,560	22,878	187	-	1,495	-
3,176	129,568	125,521	2,586	513	949	-
185,211	2,285,378	2,279,827	722	1,265	3,564	-
3,841	1,897,934	1,896,603	707	-	624	-
4,729	1,449,215	1,449,195	11	-	9	-
11,193	460,098	457,724	1,413	-	962	-
30,845	1,395,596	1,377,227	5,061	1,837	11,735	263
2,137	6,546,180	6,517,468	19,865	-	52,966	44,118
20,804	1,016,764	999,180	1,908	-	15,676	-
517	65,638	64,603	807	-	228	-
18,770	260,135	254,801	1,529	60	3,745	-
15,316	190,152	180,511	8,382	264	994	-
5,673	176,040	174,421	674	560	385	-
34,921	275,216	267,144	3,869	3,138	1,532	467
5,006	52,094	50,357	548	5	1,184	-
-	87,933	87,705	8	-	219	-
553	-	-	-	-	-	-
$ 375,540	$ 17,234,424	$ 17,102,364	$ 54,832	$ 17,759	$ 104,547	$ 45,078

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III. STATISTICAL SECTION

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STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
LEGISLATIVE RETIREMENT SYSTEM
LAST NINE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	$39.2	$41.2	95.1%	$ 2.0	$ 4.9	40.8%
1985-1986	43.4	44.8	96.9	1.4	5.4	25.9
1986-1987	49.4	53.0	93.2	3.6	5.7	63.2
1987-1988	51.5	57.1	90.2	5.5	5.9	93.2
1988-1989	52.8	59.4	88.9	6.6	6.3	104.8
1989-1990	57.3	64.0	89.5	6.8	6.8	99.9
1990-1991	62.1	68.9	90.1	6.8	6.8	100.1
1991-1992	68.1	72.0	94.6	3.9	6.7	58.7
1992-1993	74.8	82.4	90.7	7.6	6.8	111.9

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

Revenues By Source

Fiscal Year	Employee Contributions		Employer Contributions			Investment Income	Other Income	Total
			Dollar Amount		Pensions as % of Covered Payroll			
	Pensions	Insur. Benefits	Other	Pensions				
1984-1985	$ .2	$ .1	$ .9	$ 1.4	28.6%	$ 3.9	$ .1	$ 6.3
1985-1986	.3	.1	.9	1.5	27.8	3.6	--	6.4
1986-1987	.3	.1	1.0	1.6	28.1	5.5	.1	8.6
1987-1988	.5	.1	.9	1.9	31.8	1.9	--	5.3
1988-1989	.4	.1	.9	2.2	34.9	4.9	.2	8.6
1989-1990	.5	.1	1.0	2.3	33.5	4.8	--	8.6
1990-1991	.5	.1	1.1	2.5	36.3	5.2	--	9.4
1991-1992	.5	.1	1.4	2.4	36.4	6.6	--	11.0
1992-1993	.5	.1	1.6	2.5	36.0	7.8	--	12.5

Expenses (and Operating Transfers Out) By Type

Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	$2.0	$ .1	$ --	$ --	$2.1
1985-1986	2.0	.2	--	--	2.2
1986-1987	2.3	.3	--	--	2.6
1987-1988	2.8	.3	--	--	3.2
1988-1989	3.1	.3	--	--	3.4
1989-1990	3.4	.4	--	--	3.8
1990-1991	3.8	.5	.1	--	4.3
1991-1992	4.0	.5	--	--	4.5
1992-1993	4.8	.6	--	--	5.4

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

For years prior to 1988-89, net assets available for benefits and the Pension Benefit Obligation contain undetermined amounts related to advance-funded OPEB.

*at cost - excludes assets for advance-funded OPEB

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
STATE POLICE RETIREMENT SYSTEM
LAST NINE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	$234.3	$339.7	70.0%	$105.4	$69.4	151.9%
1985-1986	276.7	367.9	75.2	91.2	74.0	123.2
1986-1987	326.2	415.3	78.5	89.1	77.4	115.1
1987-1988	351.3	434.9	80.8	83.6	82.3	101.6
1988-1989	385.4	465.4	82.8	80.0	85.9	93.1
1989-1990	415.0	552.4	75.1	137.4	89.1	154.3
1990-1991	444.1	605.3	73.4	161.3	97.9	164.7
1991-1992	464.9	654.2	71.1	189.2	94.9	199.3
1992-1993	490.9	673.7	72.9	182.8	90.3	202.4

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

	Revenues By Source						
		Employer Contributions					
		Dollar Amount					
Fiscal Year	Employee Contributions	Health Benefits	Pensions	Pensions as % of Covered Payroll	Investment Income	Other Income	Total
1984-1985	$ –	$ –	$19.4	28.0%	$21.8	$ –	$41.2
1985-1986	–	–	15.6	21.1	32.5	–	48.1
1986-1987	.1	–	19.6	25.3	45.4	–	65.1
1987-1988	–	–	16.6	20.1	26.3	–	42.9
1988-1989	.1	3.5	16.2	18.9	35.0	–	54.8
1989-1990	.1	5.3	17.1	19.2	32.2	–	54.6
1990-1991	.1	6.5	22.3	22.7	29.5	–	58.3
1991-1992	.1	8.6	20.6	21.7	26.3	–	55.6
1992-1993	–	8.2	23.0	25.5	35.7	–	66.9

	Expenses (and Operating Transfers Out) By Type				
Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	$12.0	$ .1	$ –	$ –	$12.1
1985-1986	12.4	.2	–	–	12.6
1986-1987	15.3	.3	–	–	15.5
1987-1988	17.6	.3	–	–	17.8
1988-1989	20.5	.2	–	–	20.7
1989-1990	24.7	.4	–	–	25.0
1990-1991	28.7	.4	–	.1	29.4
1991-1992	34.2	.5	–	.1	34.8
1992-1993	40.4	.4	–	.1	40.9

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

*at cost

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
STATE EMPLOYEES' RETIREMENT SYSTEM
LAST NINE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Assets in Excess of) Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	$2,349.5	$2,480.8	94.7%	$131.3	$1,516.0	8.7%
1985-1986	2,668.6	2,641.0	101.0	(27.6)	1,643.3	(1.7)
1986-1987	3,105.2	3,088.6	100.5	(16.6)	1,820.8	(.9)
1987-1988	3,383.2	3,386.8	99.9	3.6	1,945.7	.2
1988-1989	3,628.6	3,682.8	98.5	54.2	2,059.0	2.6
1989-1990	3,869.9	4,135.1	93.6	265.2	2,205.9	12.0
1990-1991	4,098.7	4,660.1	88.0	561.3	2,261.2	24.8
1991-1992	4,289.7	5,235.3	81.9	945.6	2,289.8	41.3
1992-1993	4,608.9	5,566.6	82.8	957.7	2,257.8	42.4

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

Revenues By Source

Fiscal Year	Employee Contributions	Employer Contributions			Investment Income	Other Income	Total
		Dollar Amount		Pensions as % of Covered Payroll			
		Health Benefits	Pensions				
1984-1985	$1.4	$ 32.2	$188.4	12.4%	$213.6	$ –	$435.6
1985-1986	1.7	32.0	197.8	12.0	306.1	–	537.6
1986-1987	2.4	31.9	195.8	10.8	434.6	–	664.6
1987-1988	4.5	36.8	161.7	8.3	257.9	–	460.9
1988-1989	3.1	52.8	109.2	5.3	340.9	–	506.1
1989-1990	2.7	69.4	119.5	5.4	307.6	–	499.2
1990-1991	4.4	85.9	141.5	6.3	280.4	–	512.1
1991-1992	4.7	107.1	178.5	7.8	244.3	–	534.5
1992-1993	4.1	124.9	247.0	10.9	337.3	–	713.3

Expenses (and Operating Transfers Out) By Type

Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	$152.4	$ 2.4	$ .2	$ –	$155.0
1985-1986	215.8	2.4	.3	–	218.5
1986-1987	225.4	2.5	.2	–	228.1
1987-1988	180.1	2.6	.2	–	182.9
1988-1989	231.5	2.5	.2	–	234.2
1989-1990	246.3	3.0	.1	–	249.5
1990-1991	271.6	3.6	.1	.7	276.0
1991-1992	333.1	4.1	.1	1.2	338.4
1992-1993	394.6	3.4	.1	.8	398.9

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

For years prior to 1988-89, net assets available for benefits and the Pension Benefit Obligation contain undetermined amounts related to advance-funded OPEB.

*at cost - excludes assets for advance-funded OPEB.

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST NINE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	$ 7,908.1	$ 9,621.0	82.2%	$1,712.9	$4,220.3	40.6%
1985-1986	8,890.6	10,525.6	84.5	1,635.0	4,561.4	35.8
1986-1987	10,178.5	13,021.9	78.2	2,843.3	4,749.9	59.9
1987-1988	11,142.3	15,393.9	72.4	4,251.6	5,274.2	80.6
1988-1989	11,973.1	14,248.8	84.0	2,275.7	5,399.3	42.1
1989-1990	12,958.9	15,908.9	81.5	2,950.0	5,818.3	50.7
1990-1991	13,825.1	17,806.4	77.6	3,981.3	6,248.2	63.7
1991-1992	14,520.9	19,269.0	75.4	4,748.1	6,592.8	72.0
1992-1993	15,592.3	21,688.7	71.9	6,096.4	7,014.7	86.9

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

Revenues By Source

Fiscal Year	Employee Contributions	Employer Contributions			Investment Income	Other Income	Total
		Dollar Amount		Pensions as % of Covered Payroll			
		Health Benefits	Pensions				
1984-1985	$ 6.0	$ –	$532.7	12.6%	$ 715.3	$ –	$1,254.0
1985-1986	16.8	158.9	408.9	9.0	1,028.1	–	1,612.8
1986-1987	100.4	133.9	381.6	8.0	1,472.0	–	2,087.8
1987-1988	141.6	87.7	509.4	9.7	851.7	–	1,590.4
1988-1989	157.3	122.6	443.7	8.2	1,137.1	–	1,860.7
1989-1990	174.7	155.7	498.5	8.6	1,040.2	–	1,869.0
1990-1991	175.3	170.6	502.7	8.0	963.7	–	1,812.3
1991-1992	208.8	205.0	546.9	8.3	814.4	–	1,775.1
1992-1993	242.1	148.1	612.3	8.7	1,165.7	–	2,168.2

Expenses (and Operating Transfers Out) By Type

Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	$ 371.0	$ 6.3	$2.2	$ --	$379.5
1985-1986	621.0	7.5	1.8	--	630.3
1986-1987	791.2	7.2	1.5	--	799.9
1987-1988	616.9	8.2	1.6	--	626.6
1988-1989	742.0	8.3	1.4	--	751.7
1989-1990	821.7	9.2	2.4	--	833.3
1990-1991	897.8	12.6	4.6	3.5	918.5
1991-1992	1,002.1	22.0	3.5	4.0	1,031.6
1992-1993	1,094.4	33.8	3.9	2.6	1,134.8

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

For years prior to 1988-89, net assets available for benefits and the Pension Benefit Obligation contain undetermined amounts related to advance-funded OPEB.

*at cost - excludes assets for advance-funded OPEB.

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
JUDGES' RETIREMENT SYSTEM
LAST NINE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1984-1985	$ 76.0	$ 101.9	74.6%	$25.9	$29.8	86.9%
1985-1986	88.7	110.9	80.0	22.2	31.5	70.5
1986-1987	105.2	132.8	79.2	27.6	35.8	77.1
1987-1988	116.2	145.2	80.0	29.0	38.6	75.1
1988-1989	129.8	155.4	83.5	25.6	41.0	62.4
1989-1990	142.6	163.9	87.0	21.3	42.9	49.7
1990-1991	154.1	171.6	89.8	17.6	45.3	38.8
1991-1992	164.1	179.9	91.2	15.9	43.9	36.2
1992-1993	175.8	193.7	90.8	17.8	44.2	40.4

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

	Revenues By Source					
		Employer Contributions				
Fiscal Year	Employee Contributions	Dollar Amount	% of Covered Payroll	Investment Income	Other Income	Total
1984-1985	$1.9	$7.0	23.5%	$ 6.8	$ –	$15.6
1985-1986	2.0	7.6	24.1	9.7	–	19.2
1986-1987	2.1	7.7	21.5	14.4	–	24.3
1987-1988	2.3	6.8	17.6	8.5	–	17.5
1988-1989	2.4	7.2	17.6	11.6	–	21.3
1989-1990	2.5	7.5	17.5	10.8	–	21.0
1990-1991	2.8	8.0	17.7	10.3	–	21.1
1991-1992	2.5	8.0	18.2	9.5	–	20.0
1992-1993	2.8	7.7	17.4	12.4	–	22.9

	Expenses (and Operating Transfers Out) By Type				
Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1984-1985	$ 4.6	$ .1	$ –	$1.8	$ 6.6
1985-1986	4.7	.2	–	1.6	6.4
1986-1987	6.0	.3	–	1.4	7.7
1987-1988	6.3	.3	–	–	6.7
1988-1989	7.2	.3	.1	–	7.6
1989-1990	7.9	.3	.1	–	8.3
1990-1991	9.0	.4	.1	–	9.5
1991-1992	9.6	.4	–	–	10.0
1992-1993	10.7	.4	–	–	11.2

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years prior to 1984-85 is not available. Each year these schedules will be expanded until they present 10 years of information.

*at cost

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
MILITARY RETIREMENT PLAN
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
1986-1987	$ --	$20.7	-- %	$20.7	$ .3	6,015.1%
1989-1990	--	24.7	--	24.7	.4	6,805.2
1990-1991	--	26.5	--	26.5	.4	7,292.2
1991-1992	--	26.8	--	26.8	.4	7,370.0
1992-1993	--	26.8	--	26.8	.4	7,370.0

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

	Revenues By Source					
		Employer Contributions				
Fiscal Year	Employee Contributions	Dollar Amount	% of Covered Payroll	Investment Income	Other Income	Total
1986-1987	$ --	$1.2	348.7%	$ --	$ --	$1.2
1989-1990	--	1.4	385.4	--	--	1.4
1990-1991	--	1.6	413.3	--	--	1.6
1991-1992	--	1.7	425.0	--	--	1.7
1992-1993	--	1.7	425.0	--	--	1.7

	Expenses (and Operating Transfers Out) By Type				
Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1986-1987	$1.2	$ --	$ --	$ --	$1.2
1989-1990	1.4	--	--	--	1.4
1990-1991	1.6	--	--	--	1.6
1991-1992	1.7	--	--	--	1.7
1992-1993	1.7	--	--	--	1.7

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years 1987-88, 1988-89 and fiscal years prior to 1986-87 is not available. Each year these schedules will be expanded until they present 10 years of information. This plan, however, does not have a valuation each year.

Note: Annual covered payroll includes full time members only.

*at cost

STATE OF MICHIGAN
REQUIRED SUPPLEMENTARY HISTORICAL TREND INFORMATION
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE YEARS
SEPTEMBER 30, 1993
(In Millions)

I - Analysis of Funding Progress

Fiscal Year	Net Assets* Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded (Overfunded) Pension Benefit Obligation	Annual Covered Payroll	Unfunded (Over-funded) Pension Benefit Obligation as a Percentage of Covered Payroll
1988-1989	$1,255.2	$1,089.3	115.2%	$(165.9)	$635.1	(26.1)%
1989-1990	1,346.7	1,220.5	110.3	(126.2)	674.3	(18.7)
1990-1991	1,438.5	1,397.9	102.9	(40.6)	725.7	(5.6)
1991-1992	1,570.0	1,639.3	95.8	69.3	782.9	8.9
1992-1993	1,708.0	1,873.6	91.2	165.6	852.4	19.4

II - Revenues by Source and Expenses (and Operating Transfers Out) by Type

	Revenues By Source					
		Employer Contributions				
Fiscal Year	Employee Contributions	Dollar Amount	% of Covered Payroll	Investment Income	Other Income	Total
1988-1989	$12.0	$11.9	1.9%	$128.9	$ –	$152.8
1989-1990	12.1	6.6	1.0	128.6	–	147.3
1990-1991	13.6	15.8	2.2	124.3	–	153.7
1991-1992	17.2	33.3	4.2	152.7	–	203.2
1992-1993	21.8	64.5	7.6	175.2	–	261.5

	Expenses (and Operating Transfers Out) By Type				
Fiscal Year	Benefits	Administration Expenses	Refunds	Other	Total
1988-1989	$43.0	$3.5	$16.2	$ –	$62.7
1989-1990	48.2	4.0	3.6	–	55.8
1990-1991	54.8	4.6	2.5	–	62.0
1991-1992	63.7	4.7	3.3	–	71.6
1992-1993	74.9	5.3	43.4	–	123.6

Schedule I demonstrates the progress the fund has made in accumulating sufficient assets to pay benefits when due. Since both the unfunded pension benefit obligation and the annual covered payroll are affected by inflation, the calculation of the unfunded pension benefit obligation as a percent of covered payroll provides information for analysis which substantially adjusts for inflation.

Schedule II presents revenues by source and expenses by type.

Information for fiscal years prior to 1988-89 is not available. Each year these schedules will be expanded until they present 10 years of information.

*at cost

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STATE OF MICHIGAN
REVENUE, BOND PROCEEDS, AND CAPITAL LEASE ACQUISITIONS
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Thousands)

SOURCE	1983-1984	1984-1985	1985-1986	1986-1987
TAXES:				
Sales	$ 1,924,996	$ 2,142,625	$ 2,283,139	$ 2,348,446
Personal Income (net of tax expenditures)	3,189,705	3,311,680	3,153,953	3,350,297
Amount reported as tax expenditures	-	-	-	-
Single Business	1,280,547	1,378,424	1,526,599	1,497,622
Use Tax	317,332	341,401	390,839	397,800
Liquor, Beer, Wine, and Cigarette Tax	331,881	334,530	330,842	332,529
Telephone and Telegraph Company Tax	113,073	110,236	116,881	122,801
Insurance Company Taxes	103,411	116,995	148,551	140,093
Motor Vehicle and Fuel Tax	828,555	981,432	1,004,476	1,024,709
Other Taxes	316,232	240,704	315,525	377,432
TOTAL TAXES	8,405,736	8,958,027	9,270,805	9,591,731
FEDERAL AGENCIES	3,030,149	3,190,771	3,498,626	3,613,403
LOCAL AGENCIES	122,772	118,065	127,566	134,252
HOSPITAL CONTRIBUTIONS	-	-	-	-
SERVICES	53,625	92,460	112,845	101,041
LICENSES AND PERMITS	137,557	147,879	151,617	175,573
MISCELLANEOUS	220,590	314,287	445,957	392,737
TOTAL REVENUE	11,970,430	12,821,488	13,607,416	14,008,735
PROCEEDS FROM BOND ISSUES	107,714	32,876	7,519	-
CAPITAL LEASE ACQUISITIONS	-	25,072	9,100	12,246
TOTAL REVENUE, BOND PROCEEDS, AND CAPITAL LEASE ACQUISITIONS	$ 12,078,144	$ 12,879,436	$ 13,624,035	$ 14,020,981

NOTES: (1) Beginning in fiscal year 1990-91 the State began reporting certain personal income tax credits as expenditures, rather than as revenue reductions. Amounts of such credits for years prior to 1990-91 are not available.

(2) The recording of capital lease acquisitions began in 1984-85 and prior year amounts are not available.

(3) Revenue from hospital contributions resulted from a program providing funding for Medicaid which did not exist prior to 1990-91.

1987-1988	1988-1989	1989-1990	1990-1991	1991-1992	1992-1993
$ 2,474,963	$ 2,615,209	$ 2,671,268	$ 2,671,853	$ 2,738,147	$ 2,905,665
3,573,728	3,766,158	3,907,701	3,810,264	3,927,931	4,204,772
-	-	-	856,800	964,700	975,200
1,828,702	1,845,444	1,798,605	1,573,666	1,685,052	1,791,128
418,969	475,856	473,919	474,278	479,979	529,532
377,402	378,807	369,873	375,478	360,461	358,887
128,590	138,734	142,271	143,695	145,199	149,613
43,882	76,601	78,647	175,973	178,304	188,196
1,049,558	1,090,727	1,148,361	1,152,595	1,185,774	1,244,816
389,746	463,359	471,755	487,658	566,646	518,496
10,285,540	10,850,896	11,062,400	11,722,260	12,232,193	12,866,305
3,714,726	3,861,767	4,136,458	4,733,982	5,289,427	5,831,575
151,812	141,089	161,574	154,282	181,335	435,072
-	-	-	400,935	451,581	451,910
103,566	105,582	102,551	115,280	107,939	110,543
216,491	251,811	264,454	275,014	288,764	302,481
382,519	448,856	508,114	507,551	538,256	519,508
14,854,653	15,660,002	16,235,551	17,909,303	19,089,495	20,517,394
300	3,400	225,507	7,967	461,957	14,179
26,491	57,250	62,905	36,990	24,349	18,304
$ 14,881,444	$ 15,720,651	$ 16,523,963	$ 17,954,259	$ 19,575,801	$ 20,549,877

STATE OF MICHIGAN

SCHEDULE OF EXPENDITURES BY FUNCTION
GENERAL AND SPECIAL REVENUE FUNDS - STATE FUNDS

LAST TEN YEARS
SEPTEMBER 30, 1993
(In Thousands)

	1983-1984	1984-1985	1985-1986	1986-1987
Current:				
General government	$ 497,204	$ 536,658	$ 615,667	$ 610,584
Education	3,269,098	3,629,378	4,055,336	4,275,186
Health and welfare	4,042,865	4,187,290	4,471,975	4,636,721
Public safety and corrections	424,621	485,832	573,395	687,720
Conservation, recreation, and agriculture	182,347	214,511	253,894	270,509
Labor, commerce, and regulatory	501,165	523,446	535,804	595,868
Mental health	711,658	815,537	903,129	1,022,502
Transportation	782,802	840,178	853,219	904,401
Items not assigned to a function	6,914	2,729	121	58
Tax expenditures (1)	-	-	-	-
Capital outlay	406,989	428,598	588,524	616,876
Intergovernmental - revenue sharing	674,312	761,749	831,088	879,239
Debt service - capital lease payments (2)	-	17,879	20,858	25,988
Total Expenditures	$ 11,499,975	$ 12,443,784	$ 13,703,009	$ 14,525,651

NOTE: (1) Beginning in fiscal year 1990-91 the State began reporting certain personal income tax credits as expenditures, rather than as revenue reductions. Amounts of such credits for years prior to 1990-91 are not available.

(2) The recording of payments on capital leases as debt service expenditures began in 1984-85 and comparable numbers for 1983-84 are not available.

1987-1988	1988-1989	1989-1990	1990-1991	1991-1992	1992-1993
$ 724,562	$ 742,937	$ 798,812	$ 885,173	$ 935,530	$ 906,287
4,547,951	4,620,324	5,002,600	5,211,414	5,341,241	5,656,846
4,784,690	5,043,127	5,528,554	6,213,263	6,209,410	6,967,216
774,302	879,121	991,239	1,054,737	1,189,233	1,298,625
291,564	297,720	361,663	351,440	357,647	367,688
596,703	610,344	628,903	592,320	597,427	590,282
1,100,308	1,164,364	1,244,269	1,323,303	1,304,679	1,370,988
958,246	1,031,774	1,090,663	1,095,385	1,174,803	1,240,270
2	6	-	-	-	-
-	-	-	856,800	964,700	975,200
571,573	521,923	500,607	524,731	517,777	538,647
963,280	1,021,120	1,064,969	1,049,252	956,102	1,063,608
35,183	43,347	41,331	51,498	47,515	39,279
$ 15,348,365	$ 15,976,107	$ 17,253,609	$ 19,209,316	$ 19,596,063	$ 21,014,936

STATE OF MICHIGAN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Thousands)

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE EXPENDITURES	TOTAL GENERAL FUND EXPENDITURES AND TRANSFERS	RATIO OF DEBT SERVICE EXPENDITURES TO GENERAL FUND EXPENDITURES AND TRANSFERS
1983-1984	$41,000	$12,367	$53,367	$ 8,780,002	.61
1984-1985	44,418	12,185	56,603	9,784,682	.58
1985-1986	51,200	12,911	64,111	10,521,979	.61
1986-1987	40,300	10,929	51,229	11,150,302	.46
1987-1988	28,500	8,410	36,910	11,776,539	.31
1988-1989	26,500	6,643	33,143	12,261,036	.27
1989-1990	22,400	7,547	29,947	13,427,564	.22
1990-1991	23,565	9,557	33,122	15,386,993	.22
1991-1992	27,282	8,184	35,466	15,500,936	.23
1992-1993	19,342	18,341	37,683	17,120,555	.22

NOTE: Principal and interest on short-term general obligation notes are not included in this bonded debt schedule.

STATE OF MICHIGAN
NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Thousands)

FISCAL YEAR	POPULATION*	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS	NET BONDED DEBT	NET BONDED DEBT PER CAPITA (IN DOLLARS)
1983-1984	9,067	$259,300	$3,132	$256,167	$28.25
1984-1985	9,102	241,700	2,607	239,092	26.27
1985-1986	9,159	198,000	5,669	192,330	21.00
1986-1987	9,214	157,700	2,413	155,287	16.85
1987-1988	9,248	129,500	3,953	125,547	13.58
1988-1989	9,281	106,400	5,444	100,956	10.88
1989-1990	9,311	189,320	6,538	182,782	19.63
1990-1991	9,390	175,202	9,733	165,469	17.62
1991-1992	9,445	397,067	–	397,067	42.04
1992-1993	9,489	394,950	–	394,950	41.62

*SOURCE: Federal Bureau of the Census and Michigan Department of Management and Budget.

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STATE OF MICHIGAN
STATE BUILDING AUTHORITY (SBA) BONDED DEBT PER CAPITA
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Thousands)

FISCAL YEAR	POPULATION*	SBA GROSS BONDED DEBT	LESS SBA DEBT SERVICE FUNDS	SBA NET BONDED DEBT	SBA NET BONDED DEBT PER CAPITA (IN DOLLARS)
1983-1984	9,067	$ 542,475	$ 70,636	$ 471,839	$ 52.04
1984-1985	9,102	539,500	78,952	460,548	50.60
1985-1986	9,159	616,200	129,065	487,135	53.19
1986-1987	9,214	778,800	195,593	583,207	63.30
1987-1988	9,248	906,900	222,106	684,794	74.05
1988-1989	9,281	993,700	213,785	779,915	84.03
1989-1990	9,311	1,083,600	234,119	849,481	91.23
1990-1991	9,390	1,237,192	279,775	957,416	101.96
1991-1992	9,445	1,490,815	187,184	1,303,631	138.02
1992-1993	9,489	1,453,140	109,494	1,343,647	141.60

NOTE: State Building Authority (SBA) bonds are revenue dedicated bonds whose debt service requirements are financed by General Fund appropriations for rent of leased property, excess bond proceeds, and investment earnings. The bonds of the Authority are not considered direct debts or obligations of the State.

*SOURCE: Federal Bureau of the Census and Michigan Department of Management and Budget.

STATE OF MICHIGAN
DEBT SERVICE COVERAGE
COMPREHENSIVE TRANSPORTATION FUND RELATED BONDS
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Millions)

	1983-84	1984-85	1985-86	1986-87
Constitutionally Restricted Transportation Fund Revenues:				
Motor Fuel Taxes	$ 570.7	$ 616.4	$ 644.7	$ 656.2
Registration Taxes	255.9	286.7	300.0	315.6
Miscellaneous Fees	20.4	24.4	25.4	23.6
Total	847.0	927.5	970.1	995.4
Less Deductions	56.7	61.6	68.2	69.7
Remaining Balance	790.3	865.9	901.9	925.7
Portion of Balance Credited to Comprehensive Transportation Fund (excluding interest)	78.5	87.4	90.3	92.6
Motor Vehicle Related Sales Tax Revenues	$ 511.2	$ 590.7	$ 619.6	$ 593.3
Allocation to Comprehensive Transportation Fund	35.7	41.3	43.2	41.4
Constitutionally Restricted Revenues Credited to Comprehensive Transportation Fund	$ 114.2	$ 128.7	$ 133.5	$ 134.0
Plus Other Revenues (primarily interest)	4.5	9.2	6.2	8.3
Money Available for Debt Service	118.7	137.9	139.7	142.3
Actual Annual Debt Service (1)	19.3	20.2	20.4	22.0
Debt Service Coverage	6.15 x	6.83 x	6.84 x	6.47 x

(1) The above table does not include debt service on refunded bonds.

Source: Michigan Department of Transportation.

1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
$ 681.6	$ 680.0	$ 680.6	$ 676.6	$ 686.6	$ 724.9
363.2	397.0	409.8	420.2	441.8	462.5
46.0	63.5	61.2	59.9	61.8	64.4
1,090.8	1,140.5	1,151.6	1,156.7	1,190.2	1,251.8
76.2	83.3	84.7	88.2	90.8	96.5
1,014.6	1,057.2	1,066.9	1,068.5	1,099.4	1,155.3
101.7	105.5	106.4	107.0	110.0	115.8
$ 606.2	$ 637.2	$ 653.2	$ 605.1	$ 639.0	$ 701.9
42.3	44.4	45.6	42.2	32.8	43.9
$ 144.0	$ 149.9	$ 152.0	$ 149.2	$ 142.8	$ 159.7
6.1	7.7	5.9	3.4	1.1	1.3
150.1	157.6	157.9	152.6	143.9	161.0
21.4	20.9	20.7	20.6	17.0	20.1
7.01 x	7.54 x	7.63 x	7.40 x	8.46 x	8.01 x

STATE OF MICHIGAN
DEBT SERVICE COVERAGE
STATE TRUNKLINE FUND RELATED BONDS
LAST TEN YEARS
SEPTEMBER 30, 1993
(In Millions)

	1983-84	1984-85	1985-86	1986-87
Constitutionally Restricted Transportation Fund Revenues:				
Motor Fuel Taxes	$ 570.7	$ 616.4	$ 644.7	$ 656.2
Registration Taxes	255.9	286.7	300.0	315.6
Miscellaneous Fees	20.4	24.4	25.4	23.6
Total	847.0	927.5	970.1	995.4
Less Deductions:				
Collection Costs	48.5	52.4	57.4	62.2
Mackinac Bridge Authority	3.5	3.5	3.5	-
Waterways/Recreational Improvement Fund	4.8	5.7	7.3	7.5
Comprehensive Transportation Fund (excluding interest)	78.5	87.4	91.1	93.3
Local Program Fund	-	-	-	-
Critical Bridge Fund	5.0	5.0	5.0	5.0
Economic Development Fund	-	-	-	-
Total Deductions	140.3	154.0	164.3	168.0
Constitutionally Restricted Revenues Available for Distribution	706.7	773.5	805.8	827.3
Plus Other Revenues (primarily interest)	8.2	7.3	8.0	7.1
Total Money Available for Distribution	714.9	780.8	813.8	834.4
Distributions to:				
Cities and Villages	157.0	170.3	178.7	183.4
County Road Commissions	280.2	304.5	317.1	325.5
State Trunkline Fund	277.7	306.0	318.0	325.5
State Trunkline Fund Money Available for Debt Service	277.7	306.0	318.0	325.5
Economic Development Fund Money Available for Debt Service	-	-	-	-
Local Program Fund Money Available for Debt Service	-	-	-	-
Total Available for Debt Service	277.7	306.0	318.0	325.5
Actual Annual Debt Service (1)	28.7	40.6	32.8	29.3
Debt Service Coverage	9.68 x	7.54 x	9.70 x	11.11 x

(1) The table above excludes amounts related to refunded bonds.

SOURCE: Michigan Department of Transportation.

1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
$ 681.6	$ 680.0	$ 680.6	$ 676.6	$ 686.6	$ 724.9
363.2	397.0	409.8	420.2	441.8	462.5
46.0	63.5	61.2	59.9	61.8	64.4
1,090.8	1,140.5	1,151.6	1,156.7	1,190.2	1,251.8
66.1	70.9	72.3	76.0	78.4	83.6
-	-	-	-	-	-
10.1	12.4	12.4	12.3	12.4	13.0
101.7	105.5	106.4	107.0	110.0	115.8
-	-	-	-	-	20.0
5.0	5.0	5.0	5.0	5.0	5.0
21.6	36.8	36.8	36.8	36.8	36.8
204.5	230.6	232.9	237.1	242.6	274.2
886.3	909.9	918.7	919.6	947.6	977.6
7.6	10.1	8.6	7.5	5.5	11.0
893.9	920.0	927.3	927.1	953.1	988.6
196.8	202.0	204.1	204.5	209.4	217.9
348.7	359.0	361.6	361.3	371.3	385.0
348.4	359.0	361.6	361.3	372.4	385.7
348.4	359.0	361.6	361.3	372.4	385.7
21.6	36.8	36.8	36.8	36.8	36.8
-	-	-	-	-	20.0
370.0	395.8	398.4	398.1	409.2	442.5
23.7	23.7	29.6	31.8	29.4	31.9
15.61 x	16.70 x	13.46 x	12.52 x	13.92 x	13.87 x

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STATE OF MICHIGAN
ECONOMIC AND SOCIAL DATA

GENERAL INFORMATION

On January 26, 1837, Michigan was admitted to the Union as the twenty-sixth state. It is located in the East North Central Census Region and is bordered by Canada and the states of Ohio, Indiana, and Wisconsin. Michigan contains 57,022 square miles of land mass (exclusive of 1,194 square miles of inland water and 38,575 square miles of great lakes water area) with 3,288 miles of shoreline on four of the five great lakes. A combined water and land area of 96,791 square miles makes it the tenth largest state.

POPULATION

The following table presents population trends for Michigan for the last ten years, estimated at September 30 (in thousands):

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Population	9,067	9,102	9,159	9,214	9,248	9,281	9,311	9,390	9,445	9,489
Percent Change	.1%	.4%	.6%	.6%	.4%	.4%	.3%	.9%	.6%	.5%

Source:

U.S. Department of Commerce, Bureau of the Census (adjusted to September 30 by the State of Michigan, Department of Management and Budget).

WEALTH

The following table presents per capita income, retail sales, taxable property, and bank deposits data during the years 1983-1992:

	Per Capita Income (a)		Retail Sales (b) (In Billions)		Taxable Property Value (c) (In Billions)	Bank Deposits (d) (In Billions)
YEAR	MI	U.S.	MI	U.S.	MI	MI
1983	$11,942	$12,223	$41.6	$1,170.8	$ 98.3	$ 75.9
1984	13,198	13,333	45.8	1,287.8	100.2	80.9
1985	14,239	14,155	51.1	1,375.7	102.8	87.0
1986	15,109	14,907	55.0	1,450.3	106.2	94.0
1987	15,627	15,638	57.5	1,542.1	111.3	97.3
1988	16,592	16,615	60.9	1,651.4	119.1	102.6
1989	17,637	17,696	65.0	1,741.7	128.8	104.9
1990	18,312	18,668	67.8	1,807.2	140.7	105.9
1991	18,759	19,169	68.4	1,842.7	150.9	109.5
1992	19,680	20,114	72.6	1,937.4	154.3	110.6

Sources:

(a) U.S. Department of Commerce, Bureau of Economic Analysis.
(b) U.S. Department of Commerce, Bureau of the Census.
(c) State of Michigan, Department of Treasury, Property Tax Division.
(d) State of Michigan, Department of Commerce, Financial Institutions Bureau. The amounts shown include state and national banks, state and federal credit unions, and state and federal savings and loan associations.

STATE OF MICHIGAN
ECONOMIC AND SOCIAL DATA (Continued)

EMPLOYMENT

The following table presents employment data (expressed in thousands) for the State of Michigan for the calendar years 1983-1992:

Year	Total Labor Force	Total Employment	Unemployment	Unemployment Rate
1983	4,286	3,678	608	14.2%
1984	4,347	3,860	486	11.2%
1985	4,352	3,920	433	9.9%
1986	4,391	4,005	385	8.8%
1987	4,524	4,155	369	8.2%
1988	4,543	4,198	345	7.6%
1989	4,592	4,267	326	7.1%
1990	4,581	4,237	345	7.5%
1991	4,566	4,146	420	9.2%
1992	4,649	4,288	361	7.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Wage and salary employment for calendar years 1988-1992 consisted of the following (in thousands):

Wage and Salary Employment	1988	1989	1990	1991	1992
Goods Producing Industries					
Manufacturing					
Durable Goods:					
Lumber & Wood Products	15.7	15.5	15.1	14.4	14.7
Furniture & Fixtures	33.8	35.4	35.6	33.9	33.9
Stone, Clay and Glass Products	16.8	17.3	17.3	16.4	16.1
Primary Metals	46.5	45.4	41.5	38.0	36.6
Fabricated Metals	119.5	125.5	120.7	112.0	113.8
Industrial Machinery & Computer Equipment	121.7	125.9	126.9	119.5	114.5
Electrical Equipment except Computer	33.8	34.7	31.8	29.8	29.7
Transportation Equipment	314.4	307.1	295.0	281.6	283.5
Other Durable Goods	24.3	27.3	25.7	24.5	24.3
Total Durable Goods	726.5	734.1	709.6	670.1	667.1
Nondurable Goods:					
Food & Kindred Products	45.2	45.4	44.7	44.0	43.7
Textiles & Apparel	22.4	22.7	21.0	17.5	17.6
Paper & Allied Products	20.7	21.3	20.9	20.8	20.8
Printing & Publishing	42.7	44.4	45.1	44.7	44.8
Chemicals & Petroleum	44.9	46.3	46.7	46.8	47.3
Rubber & Miscellaneous Plastics	50.7	54.6	52.7	50.0	52.0
Other Nondurable Goods	2.3	2.5	2.9	2.8	3.2
Total Nondurable Goods	228.9	237.2	234.0	226.6	229.4
Total Manufacturing	955.4	971.3	943.6	896.7	896.5
Mining	10.5	10.3	9.4	9.1	8.5
Construction	132.2	139.9	142.3	129.1	127.6
Total Goods Producing Industries	1,098.1	1,121.6	1,095.3	1,035.0	1,032.6
Service Producing Industries					
Transportation, Communications and Utilities	153.8	155.3	158.4	154.1	153.9
Wholesale Trade	191.1	196.0	201.8	199.0	199.6
Retail Trade	703.1	726.6	747.6	732.0	728.9
Finance, Insurance and Real Estate	186.2	187.4	191.0	189.6	188.8
Services	863.3	912.2	941.7	945.5	971.5
Government	623.5	623.2	633.9	635.8	641.4
Total Service Producing Industries	2,721.1	2,800.8	2,874.3	2,856.1	2,884.1
Total Wage and Salary Employment	3,819.2	3,922.3	3,969.6	3,891.1	3,916.7

Source: Michigan Employment Security Commission.